

1                   IN THE UNITED STATES DISTRICT COURT  
2                   FOR THE NORTHERN DISTRICT OF OHIO  
3                   EASTERN DIVISION

4           -----                   )  
5   IN RE: NATIONAL                   ) MDL No. 2804  
6   PRESCRIPTION OPIATE                   )  
7   LITIGATION                   ) Case No.  
8   -----                   ) 1:17-MD-2804  
9                   )  
10   THIS DOCUMENT RELATES TO                   ) Hon. Dan A. Polster  
11   ALL CASES                   )  
12   -----                   )

13                   HIGHLY CONFIDENTIAL  
14                   SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

15           The videotaped deposition of PATRICIA DAUGHERTY,  
16   called by the Plaintiffs for examination, taken  
17   pursuant to the Federal Rules of Civil Procedure of  
18   the United States District Courts pertaining to the  
19   taking of depositions, taken before CORINNE T.  
20   MARUT, C.S.R. No. 84-1968, Registered Professional  
21   Reporter and a Certified Shorthand Reporter of the  
22   State of Illinois, at the offices of Bartlit Beck  
23   Herman Palenchar & Scott, Suite 600, 54 West  
24   Hubbard Street, Chicago, Illinois, on  
25   November 15, 2018, commencing at 9:08 a.m.

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1 I N D E X

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4	BY MR. MOUGEY.....	429

5  
6

E X H I B I T S

7

WALGREENS-DAUGHERTY EXHIBIT	MARKED FOR ID
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8

No. 1	LinkedIn Profile	11
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No. 2	US DOJ, July 2006 Follow-Up	23
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10

Review of the Drug Enforcement  
Administration's Efforts to  
Control the Diversion of  
Controlled Pharmaceuticals;

11

12

P1.1088 - P1.1088.95

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No. 3	3/21/13 e-mail string;	40
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14

WAGMDL00303029 - 00303031

No. 4	1/10/13 e-mail with	80
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attachment;

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WAGMDL00049752 - 00049773

No. 5	21 USCA Section 801	110
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17

No. 6	Document, Chapter II - Drug	128
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18

Enforcement Administration,  
Department of Justice;

19

P-GEN-0064

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No. 7	Masters Pharmaceutical v. DEA,	140
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21

U.S. Court of Appeals,  
861 F3d 206

22

No. 8	Document, "OxyContin: Its use	214
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23

and Abuse," etc., 8/28/01  
hearing; PGEN-0047

24

1	E X H I B I T S		
2	WALGREENS-DAUGHERTY EXHIBIT		MARKED FOR ID
3	No. 9	GAO Report to Subcommittee on Oversight and Investigations;	218
4		P1.1076 - P1.1076.27	
5	No. 10	9/27/06 letter from US DOJ DEA; MCKMDL00478906 - 00478909	245
6			
7	No. 11	12/27/07 letter from US DOJ DEA to McKesson Corporation; MCKMDL00478910 - 00478911	260
8			
9	No. 12	8/16/17 e-mail with attachment; WAGMDL00183798 - 00208715	271
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11	No. 13	Settlement and Memorandum of Agreement; WAGMDL00490963 - 00490978; and P-WAG-0001	281
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13	No. 14	6/12/13 e-mail string; WAGMDL00575931 - 00575944	287
14	No. 15	Administrative Inspection Warrant; WAGMDL00493697 - 00493700	370
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16	No. 16	US DOJ/DEA Subpoena; WAGMDL00493694 - 00493718	374
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18	No. 17	2/15/13 e-mail with attachment; WAGMDL00303243 - 00303245	377
19			
20	No. 18	3/20/13 e-mail string; WAGMDL00303186 - 0030387	392
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1 THE VIDEOGRAPHER: We are now on the record.  
2 My name is Michael Newell. I'm a videographer for  
3 Golkow Litigation Services.

4 Today's date is November 15, 2018. The  
5 time is 9:08 a.m.

6 This deposition is being held in  
7 Chicago, Illinois in the matter of National  
8 Prescription Opiate Litigation for the Northern  
9 District of Ohio, Eastern Division.

10 The deponent today is Patricia  
11 Daugherty.

12 Will counsel please identify themselves.

13 MR. MOUGEY: Peter Mougey on behalf of the  
14 Plaintiffs.

15 MS. POERSCHKE: Page Poerschke on behalf of  
16 the Plaintiffs.

17 MS. DUNNING: Laura Dunning on behalf of the  
18 Plaintiffs.

19 MS. SHELQUIST: Madison Shelquist on behalf of  
20 the Plaintiffs.

21 MS. TRAUB: Kristen Campbell Traub with  
22 Prescription Supply, Inc.

23 MR. YINGLING: Patrick Yingling for  
24 AmerisourceBergen.



1 MR. SCHUTTE: Scott Schutte for Rite Aid.

2 MR. ZHOU: Jason Zhou for Walmart.

3 MR. BUSHUR: Joseph Bushur for Cardinal  
4 Health.

5 MS. SWIFT: Kate Swift for Walgreens.

6 THE REPORTER: People on the phone.

7 MR. ERB: Chip Erb for Discount Drug Mart.

8 MR. MOUGEY: Can we also get who's on --

9 MS. MOBLEY-RITTER: Devon Mobley-Ritter for  
10 McKesson.

11 MR. MOUGEY: -- video stream.

12 MR. RUIZ: Anthony Ruiz from Zuckerman Spaeder  
13 for CVS.

14 MR. MOUGEY: Is there anybody else on video  
15 stream that's not -- that didn't answer  
16 telephonically?

17 Thank you.

18 MS. SWIFT: There is another gentleman in the  
19 room that I don't recognize who didn't announce  
20 himself.

21 MR. KAUFFMANN: Michael Kauffmann. I am the  
22 technician.

23 MS. SWIFT: Thank you. Appreciate it.

24 THE VIDEOGRAPHER: The Court Reporter is

1 Corinne Marut and will now swear in the witness.

2 (WHEREUPON, the witness was duly  
3 sworn.)

4 PATRICIA DAUGHERTY,  
5 called as a witness herein, having been first duly  
6 sworn, was examined and testified as follows:

7 EXAMINATION

8 BY MR. MOUGEY:

9 Q. Good morning, Ms. Daugherty. My name is  
10 Peter Mougey. Am I pronouncing your last name  
11 correctly?

12 A. Yes.

13 Q. You've spent your entire career but for  
14 about 20 months with Walgreens, correct?

15 A. Yes, that's correct.

16 Q. And you have your PharmD, is your basis  
17 of your educational training, correct?

18 A. Yes.

19 Q. And explain the difference between a  
20 pharmacist and a PharmD.

21 A. So, there is a Doctorate in Pharmacy,  
22 which is a PharmD; and then when I was in school,  
23 you were able to get your Bachelor's in pharmacy.  
24 My understanding is most pharmacy schools don't

1 provide that anymore. So, it's PharmD.

2 Q. And you left Walgreens for a brief,  
3 about 20 months and started back with Walgreens in  
4 January of 2013, correct?

5 A. Yes, that sounds right.

6 Q. And you had two different jobs outside  
7 of Walgreens during that 20 months, correct?

8 A. Yes.

9 Q. And those were both in the PBM space  
10 essentially, correct?

11 A. Yes.

12 Q. I'm going to hand you what we'll mark as  
13 Daugherty 1.

14 (WHEREUPON, a certain document was  
15 marked as Walgreens-Daugherty  
16 Deposition Exhibit No. 1: LinkedIn  
17 Profile.)

18 BY MR. MOUGEY:

19 Q. Do you recognize this document,  
20 Ms. Daugherty?

21 A. Yes.

22 Q. And this is your background or CV off of  
23 LinkedIn, correct?

24 A. Yes, that's correct.

1 Q. And you put in the information into  
2 LinkedIn with your background, correct?

3 A. Yes. This looks like what I entered  
4 into LinkedIn.

5 Q. Yes, ma'am. This is an accurate  
6 description of your job or work experience with  
7 Walgreens in the 20-month stint with the two PBMs?

8 A. Yes.

9 Q. Let's start, if we could, on the second  
10 page of Daugherty 1. Your first role with  
11 Walgreens, Walgreens Health Initiatives for nine  
12 years six months, you were a network audit and  
13 compliance manager, correct?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. Yes.

17 BY MR. MOUGEY:

18 Q. And you were in that role for six years  
19 and six months, correct?

20 A. I believe it says -- yes, six years and  
21 six months.

22 Q. It's a little confusing. Two dates on  
23 there. It's six years and six months off to the  
24 right, correct?

1           A.       Yes.

2           Q.       Let me just walk through the different  
3       titles you've had, and then I'll go through your --  
4       a little bit more detail into your background.  
5       Okay?

6                    Your next role was network audit and  
7       compliance manager, correct?

8           A.       At Catalyst Rx, yes.

9           Q.       Yes, ma'am. And I'm sorry. I've  
10       screwed this up.

11                   So, let's start at the very bottom.  
12       Clinical operations pharmacy manager with  
13       Walgreens, 2002 to 2005, correct?

14           A.       Yes. That was with Walgreens Health  
15       Initiatives.

16           Q.       Yes, ma'am. And then your next role  
17       with Walgreens was network audit and compliance  
18       manager from January '05 to June of '11, correct?

19           A.       Yes, with Walgreens Health Initiatives.

20           Q.       Thank you. In June of '11 is when you  
21       left Walgreens and went to Catalyst Rx as the  
22       director of network audit and compliance, correct?

23           A.       Yes.

24           Q.       And you were there from June '11 to

1 May 2012, correct?

2 A. That's correct.

3 Q. And then after May of 2012, you left and  
4 went to Catamaran, same title, director, network  
5 audit and compliance, correct?

6 A. Yes.

7 Q. And then you came back to Walgreens in  
8 January of 2013 up and to the present time,  
9 correct?

10 How did you become aware --

11 A. Yes.

12 Q. -- of the role at Walgreens in  
13 January of 2013 or whenever you started to apply?

14 A. For the role of the Pharmaceutical  
15 Integrity position?

16 Q. Exactly, yes.

17 A. I was looking on Walgreens online  
18 looking for positions. I was looking for a job,  
19 and I had looked at multiple areas and Walgreens  
20 was one of them.

21 Q. So, Walgreens was actively looking for  
22 individuals in their Pharmaceutical Integrity  
23 Department in late 2012, early 2013?

24 A. I just know of the position that I

1 applied for, yes.

2 Q. Right. And the position you applied for  
3 was the Pharmaceutical Integrity position, correct?

4 A. Yes.

5 Q. And more specifically, the manager in  
6 the Pharmaceutical Integrity position, correct?

7 A. Yes.

8 Q. And you found that job through Walgreens  
9 actively looking for individuals to fill its  
10 Pharmaceutical Integrity Department, correct?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. Yes, I saw it online and I applied.

14 BY MR. MOUGEY:

15 Q. Yes, ma'am. And did you come to  
16 understand that the Pharmaceutical Integrity  
17 Department was a new department at Walgreens?

18 A. When I had been interviewed, I  
19 understood that, yes. Interviewed.

20 Q. How did or did someone at Walgreens  
21 explain the scope of the responsibilities of the  
22 Pharmaceutical Integrity Department during the  
23 interview process?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't recall the details of the  
3 interview other than I was going to be filling a  
4 position as a manager for this department.

5 BY MR. MOUGEY:

6 Q. Did you have an understanding of what  
7 the scope of the responsibilities of the  
8 Pharmaceutical Integrity Department were when you  
9 were applying for the position?

10 A. I believe at the time I had a good  
11 understanding of what I was applying for, yes.

12 Q. And at that point in time when you were  
13 applying for the managerial role in Pharmaceutical  
14 Integrity, what was your understanding of the scope  
15 of the responsibilities at Walgreens?

16 A. When I had been interviewed, I don't  
17 believe I had a complete understanding until I  
18 actually had started in the role.

19 Q. Yes, ma'am. And all I asked was,  
20 whether you had a complete or whether it was  
21 detailed, what I asked was what was your  
22 understanding of the role in the scope of the  
23 responsibilities of the Pharmaceutical Integrity  
24 Department when you were applying for that



1 position?

2 A. My understanding was that as a manager,  
3 I would be leading a team that would manage our  
4 controlled substance ordering process.

5 Q. Now, let's go back to page 2, and walk  
6 me through a little more granular detail in your  
7 roles at Walgreens. Let's start with clinical  
8 operations pharmacy manager.

9 Now, there is a three-year gap between  
10 when I see your PharmD in 1999 and beginning at  
11 Walgreens in 2002. What did you do in between  
12 those -- that time that you graduated and your  
13 first job at Walgreens?

14 A. I was a technician, and then I was a  
15 pharmacist at Walgreens.

16 Q. At Walgreens prior to this? So, you  
17 actually started at Walgreens directly out of  
18 school?

19 A. Correct.

20 Q. So, from -- you have been at Walgreens  
21 since 1999 but -- I'm sorry -- not 2002, but 1999?

22 A. Correct. So, I was a technician in  
23 school and then I became a pharmacist at Walgreens.

24 Q. Can you describe to me the first several

1 years of experience up till 2005, just generally,  
2 what the scope of your responsibilities were?

3 A. Sure. It was managing our drug file and  
4 drug database to make sure that the -- basically  
5 the NDCs were loaded correctly and managing our  
6 clinical programs at the PBM to ensure that the  
7 drugs on each of the clinical programs was accurate  
8 and was processing correctly in our -- in our  
9 system.

10 Q. You mentioned ensuring that the NDCs  
11 were loaded correctly. What is the NDC?

12 A. So, the identifier of the actual  
13 medication or drug, we used a vendor that provided  
14 a file and that was part of my team's  
15 responsibility, to ensure the file was loaded  
16 correctly.

17 Q. So, the NDC code would actually explain  
18 the type of the drug, the strength and the size of  
19 the delivery, correct?

20 A. Correct.

21 Q. Any experience up until 2005 with  
22 controlled substance ordering process?

23 A. No.

24 Q. Any experience with ensuring that

1 suspicious orders were reported to the DEA up until  
2 2005?

3 A. No.

4 Q. Any experience regarding monitoring for  
5 suspicious orders up until 2005?

6 A. No.

7 Q. Any experience interacting with the DEA  
8 about what industry standards were reporting  
9 suspicious orders to the DEA?

10 A. No.

11 Q. Any experience performing due diligence  
12 on orders that were flagged as suspicious before  
13 they were shipped?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. No.

17 BY MR. MOUGEY:

18 Q. Any experience performing due diligence  
19 on any suspicious orders up until 2005?

20 A. No.

21 Q. Are the answers to those questions that  
22 I just asked, that series of questions, the same up  
23 until the point when you began with Pharmaceutical  
24 Integrity in January of 2013?

1 MS. SWIFT: Object to the form. Which  
2 questions?

3 BY THE WITNESS:

4 A. So, for the questions related to I have  
5 not had any experience that you had just identified  
6 prior to 2013, I had not -- no experience.

7 BY MR. MOUGEY:

8 Q. No experience regarding identifying  
9 suspicious orders up until January 2013?

10 A. No, I did not.

11 Q. You had no experience performing due  
12 diligence on orders that were deemed suspicious up  
13 until January of 2013?

14 A. No.

15 Q. You had no experience dealing or  
16 interacting with the DEA on orders that were deemed  
17 suspicious?

18 A. No.

19 Q. You had no experience reviewing orders  
20 at Walgreens or any other pharmacy to identify  
21 suspicious orders?

22 A. No, not prior to 2013.

23 Q. And so in 2013, January of 2013, when  
24 you accepted the position with Walgreens as a

1 manager in Pharmaceutical Integrity, that was your  
2 first time that you were responsible for  
3 identifying suspicious orders entered by the  
4 pharmacy to determine whether or not they should be  
5 shipped?

6 MS. SWIFT: Object to the form of the  
7 question.

8 BY THE WITNESS:

9 A. Yes. That was when I started in my  
10 position in 2013, part of my job was to identify  
11 suspicious orders in our stores.

12 BY MR. MOUGEY:

13 Q. So, let's go up to the summary portion  
14 of your CV. Okay. Let's walk through that.

15 Starts off with "Health and wellness  
16 professional with broad experience across  
17 healthcare management spectrum including extensive  
18 PBM experience, community practice pharmacy,  
19 specialty pharmacy, and long-term care pharmacy."

20 Did I read that accurately?

21 A. Yes.

22 Q. And what you mean by that sentence,  
23 then, is that you have broad experience with your  
24 pharmaceutical background as a pharmacist, a

1 technician, and a clinician in that space, correct?

2 A. Yes.

3 Q. You're not referring to any experience  
4 you had in the field of diversion?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I did not, no.

8 BY MR. MOUGEY:

9 Q. All right. When I say "diversion," you  
10 understand what I mean, correct?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. Can you -- can you explain what you mean  
14 by diversion?

15 BY MR. MOUGEY:

16 Q. Why don't you explain to me what you  
17 understand, based on your broad experience across  
18 healthcare management spectrum, what you understand  
19 diversion to mean?

20 A. So, I understand diversion to mean  
21 different things depending on what we're talking  
22 about. I understand diversion to mean if a person  
23 that shouldn't have access to a medication or has  
24 access to it illegally is basically selling it or

1 diverting it, that's my understanding of diversion.

2 And I also understand diversion in terms  
3 of if, for example, the medication -- a medication  
4 that's not prescribed to a certain patient has  
5 gotten into another person's hands illegally.

6 And I also understand diversion to mean,  
7 in our stores, for example, in a pharmacy, if there  
8 was an employee diverting the medication or  
9 stealing the medication and taking it for their own  
10 use.

11 MR. MOUGEY: I will hand you what we will mark  
12 as Daugherty 2.

13 (WHEREUPON, a certain document was  
14 marked as Walgreens-Daugherty  
15 Deposition Exhibit No. 2: US DOJ,  
16 July 2006 Follow-Up Review of the  
17 Drug Enforcement Administration's  
18 Efforts to Control the Diversion of  
19 Controlled Pharmaceuticals; P1.1088  
20 - P1.1088.95.)

21 BY MR. MOUGEY:

22 Q. Let's just start on the front page of  
23 this document. In the upper left-hand corner there  
24 is a seal, and it references the U.S. Department of

1 Justice. You're familiar with the U.S. Department  
2 of Justice, correct?

3 A. Yes.

4 Q. And as part of the U.S. Department of  
5 Justice, do you see below that Office of the  
6 Inspector General, correct?

7 A. Yes.

8 Q. Often referred to as the OIG. You're  
9 familiar with the Office of the Inspector General,  
10 correct?

11 A. Yes.

12 Q. And below that, Evaluation and  
13 Inspection Division, correct?

14 A. Yes.

15 Q. And the title of this document is  
16 "Follow-up Review of the Drug Enforcement  
17 Administration's Efforts to Control the Diversion  
18 of Controlled Pharmaceuticals."

19 Do you see the title?

20 A. Yes.

21 Q. And it's July 2006, correct?

22 A. Correct.

23 Q. All right. Now, have you ever seen this  
24 document before that you can recall?



1 MS. SWIFT: Take your time to look at it if  
2 you need to.

3 BY THE WITNESS:

4 A. I don't recall seeing this document.

5 BY MR. MOUGEY:

6 Q. If you would, please, turn to page 4 of  
7 this document and you'll see in the left-hand  
8 corner "Impact of Diversion."

9 A. On page 4?

10 Q. Yes, ma'am.

11 MS. SWIFT: Do you mean iv or is it like a  
12 number 4?

13 MR. MOUGEY: Number 4.

14 BY MR. MOUGEY:

15 Q. Page 4 and it's titled "Impact of  
16 Diversion." Do you see the entry?

17 A. Yes.

18 Q. Okay. And just to explain as well, I  
19 should have started here. On the screen in front  
20 of you is an electronic version of that document,  
21 and we'll try to highlight where we are in that  
22 document. So that might help a couple times. If  
23 you refer to that or see that on the screen, that's  
24 what that is. Okay?

1           A.       Okay.

2           Q.       It's the same document you have in front  
3 of you or it's supposed to be.

4                    So you see the title "Impact of  
5 Diversion," correct?

6           A.       Yes.

7           Q.       That paragraph starts off with "The DEA  
8 Administrator noted the consequences of non-medical  
9 pharmaceutical use in a 2004 cable to DEA employees  
10 stating that the diversion and abuse of legal  
11 controlled substances poses a significant threat to  
12 the health and safety of Americans."

13                   Did I read that right?

14          A.       Yes.

15          Q.       Do you agree with that -- with that  
16 statement from the OIG?

17          MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19          A.       Yes. I would agree.

20 BY MR. MOUGEY:

21          Q.       And I continue, "In 2005 Congressional  
22 testimony, the DEA's Acting Deputy Assistant  
23 Administrator, Office of Diversion control also  
24 stated that," and you see the block quote below,

1 correct?

2 A. Yes.

3 Q. And the block quote says, "The  
4 non-medical use of prescription drugs has become an  
5 increasingly widespread and serious problems" --  
6 "problem in the United States. A new generation of  
7 high dose, extended release, opiate pain  
8 medications have taken the existing threat to a new  
9 level. The abuse and diversion statistics are  
10 alarming. These powerful drugs provide strong  
11 incentives for diversion through new means such as  
12 'rogue' Internet pharmacies as well as older  
13 methods, like prescriptions for profits. Recent  
14 drug use and surveys have" -- "Recent drug use  
15 surveys have highlighted the gravity of this  
16 problem."

17 Did I read that accurately?

18 A. Yes.

19 Q. And you agree that the diversion from  
20 whatever methods had become an increasing problem  
21 through the 2000s, correct?

22 MS. SWIFT: Object to the form, calls for  
23 speculation.

24 BY THE WITNESS:

1           A.       I don't know that to be true.

2           MR. MOUGEY:   Kate, this is -- if you have an  
3    "Object to the form," and that's it.   Okay.   We  
4    have done this like five times, and every  
5    deposition we have asked please just stick with  
6    "Object to the form" and that's it.

7                       So, the one- or two- or three-word or  
8    sentence descriptions afterwards, we've asked  
9    repeatedly that that stop.   If you please just  
10   "Object to the form," that's plenty to preserve  
11   whatever objections you have.   Thank you.

12          MS. SWIFT:   I will make the necessary  
13   objections.

14          MR. MOUGEY:   Well, if we need to stop and we  
15   need to call, because I've asked repeatedly.   If  
16   you want to stop and we can interrupt Special  
17   Master Cohen and we can ask him what the right  
18   objections are and whether or not you need to give  
19   a description every time, then we can do that.   But  
20   I really would appreciate if you'd just stick to  
21   "Object to the form."   Thank you.

22   BY MR. MOUGEY:

23          Q.       I want you to hold on to that document  
24   because I'm going to come back to it.

1                   Now, let's go back to January '13. You  
2   accepted the position. You start back up at  
3   Walgreens, and you've now been designated the  
4   manager of the Pharmaceutical Integrity Department.  
5   Okay.

6                   Did you have any training at the  
7   beginning of your job to give you some background  
8   or context about the scope of what your  
9   responsibilities were?

10           A.     Yes.

11           Q.     And would you please just generally  
12   describe the scope of that training and how long it  
13   lasted.

14           A.     So, I was trained on our suspicious  
15   order monitoring process with respect to flagged  
16   orders in our pharmacies. I was trained with  
17   respect to another function of our job was to  
18   ensure the DEA 106 forms were submitted by our  
19   stores, so we assisted our stores in that process  
20   as well.

21                   And I was also trained on our Good Faith  
22   Dispensing policy, and during the course of that  
23   year we also established our Target Good Faith  
24   Dispensing policy, which of course I helped put

1 together.

2 And I would say that I am continuously  
3 being trained as our policies are changed or  
4 updated based on any specific regulations or as  
5 things need to be updated.

6 Q. Okay. Let's take those one by one, if  
7 we can.

8 The first part was that you were trained  
9 with respect to Walgreens' suspicious order  
10 monitoring process. Now, I'm focusing on when you  
11 started in January of 2013.

12 Do you have a recollection of what that  
13 process was at Walgreens when you took the position  
14 in January of 2013?

**REDACTED**

21 However, we were identifying any flagged  
22 orders and working with stores to basically  
23 understand if it was a flagged order and needed to  
24 be reported as suspicious.

# REDACTED

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. At the time the orders that were flagged  
10 were automated, and those were pushed to us and  
11 then we were to review them and again the  
12 communication was e-mail.

13 BY MR. MOUGEY:

14 Q. Okay. And what was your understanding  
15 of the automation process to flag orders that came  
16 to your department?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. I don't recall at the time when I first  
20 started.

21 BY MR. MOUGEY:

22 Q. You don't have any understanding of what  
23 the automation was?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

**REDACTED**

5 thereafter, and so I was there for a very short  
6 time when we had this process.

7 BY MR. MOUGEY:

8 Q. Do you have any understanding what the  
9 criteria was when you started for flagging  
10 suspicious orders?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. I may have then. I honestly don't  
14 recall now.

15 BY MR. MOUGEY:

16 Q. You mentioned the 106 form, the DEA 106  
17 form, your training initially. That has to do with  
18 theft of suspicious -- of controlled substances,  
19 correct?

20 A. Yes.

21 Q. And reporting those thefts to the DEA,  
22 correct?

23 A. Yes.

24 Q. And you also mentioned GFD, which is



1 Good Faith Dispensing, correct?

2 A. Yes.

3 Q. And GFD, or Good Faith Dispensing, is  
4 different than flagging orders, whether they be  
5 orders of interest or suspicious orders, for  
6 further due diligence, correct?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. Our Good Faith Dispensing policy is a  
10 different policy, yes.

11 BY MR. MOUGEY:

12 Q. Yes, ma'am. And it fulfills different  
13 statutory obligations, the Good Faith Dispensing  
14 policies and the flagging of suspicious orders,  
15 correct?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. I can't speculate.

19 BY MR. MOUGEY:

20 Q. I'm not asking you to speculate. I'm  
21 asking based on your broad experience across  
22 healthcare management, do you have an understanding  
23 of whether or not Walgreens GFD, Good Faith  
24 Dispensing, and whatever system it had in place

1     when you started identifying suspicious orders,  
2     fulfilled different obligations?

3             MS. SWIFT:   Same objection.

4     BY THE WITNESS:

5             A.       Can you repeat that.   Sorry.

6     BY MR. MOUGEY:

7             Q.       Do you have an understanding of whether  
8     Good Faith Dispensing policies at Walgreen  
9     fulfilled different statutory obligations than --  
10    do you have an understanding of whether Good Faith  
11    Dispensing policies at Walgreens fulfilled  
12    different statutory obligations than Walgreens'  
13    system to flag suspicious orders?

14            MS. SWIFT:   Object to the form.

15    BY THE WITNESS:

16            A.       I don't know.

17    BY MR. MOUGEY:

18            Q.       Let's go back to your summary in your CV  
19    on LinkedIn.   The second sentence says, "Developer  
20    of proven audit and compliance model and strategies  
21    for decreasing pharmacy costs for organizations and  
22    payers while driving long-term effects in creating  
23    a quality pharmacy network."

24                       Do you see that?

1           A.       Yes.

2           Q.       Does that sentence refer to any part of  
3   your background in diversion?

4           MS. SWIFT:   Object to the form.

5   BY THE WITNESS:

6           A.       No.

7   BY MR. MOUGEY:

8           Q.       The next sentence says, "Decade of  
9   experience managing teams of healthcare  
10   professionals including pharmacists and certified  
11   pharmacy technicians in the innovation and  
12   successful execution of advanced pharmacy audit and  
13   pharmacy compliance programs."

14                   Did I read that right?

15          A.       Yes.

16          Q.       Does that sentence reference any of your  
17   experience with diversion as you previously defined  
18   it?

19          MS. SWIFT:   Object to the form.

20   BY THE WITNESS:

21          A.       No.

22   BY MR. MOUGEY:

23          Q.       "Particular" -- reading the next  
24   sentence.

1                   "Particular experience in management of  
2   pharmacy network processes, Medicare Part D, and  
3   Fraud, Waste and Abuse programs, long-term care  
4   pharmacy, formulary and prior authorization, and  
5   specialty pharmacy."

6                   Does that sentence cover any of your  
7   background or experience in diversion as you  
8   previously defined it?

9           A.     In that time before 2013, my experience  
10   was not, no.

11          Q.     Was nothing?

12          MS. SWIFT:   Object to the form.

13   BY MR. MOUGEY:

14          Q.     Was nothing regarding diversion,  
15   correct?

16          A.     It was -- it was -- I had no experience  
17   in my previous positions prior to '13 in diversion.

18          Q.     The last sentence, "Dedicated to  
19   monitoring future professionals as demonstrated by  
20   ten years of experience managing, teaching and  
21   mentoring healthcare practitioners."

22                   Correct?

23          A.     Yes.

24          Q.     So, in your ten years of experience

1 managing, teaching and mentoring healthcare  
2 practitioners, you're familiar with what a sound  
3 training regimen would be, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. Related to my positions at the time,  
7 yes.

8 BY MR. MOUGEY:

9 Q. Yes, of course. And, so, when you began  
10 your training at Walgreens, do you believe that you  
11 had the opportunity to be fully trained on the  
12 issues and the responsibilities of your new job?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. Can you repeat the question?

16 BY MR. MOUGEY:

17 Q. Yes, ma'am. When you began in 2013, as  
18 you started your new role, do you believe you were  
19 adequately trained to fulfill your obligations in  
20 the -- in your role as manager of Pharmaceutical  
21 Integrity at Walgreens?

22 A. Yes, and as I said before, I've been  
23 trained ongoing as things change.

24 Q. Yes, ma'am. And you feel like the

1 training that you initially had in the beginning of  
2 January 2013 and your ongoing training was  
3 sufficient for you to fulfill your obligations as  
4 manager in Pharmaceutical Integrity Department,  
5 correct?

6 A. Yes.

7 Q. Now, Pharmaceutical Integrity Department  
8 was a relatively new department when you began in  
9 January 2013, correct?

10 A. Yes.

11 Q. Are you familiar with the acronym at  
12 Walgreens MPD?

13 A. No.

14 Q. No. All right. And you would agree  
15 with me that, at any corporation, when one  
16 department is training another department, it's  
17 important that that training be thorough and  
18 complete so the mission of your department is  
19 completely communicated, correct?

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. I think it's important for me to  
23 understand what my role is in my job, yes.

24 BY MR. MOUGEY:

1           Q.     And it's important for others to  
2     understand what your role is in your job and what  
3     your scope of responsibility is, correct?

4           MS. SWIFT:   Object to the form.

5     BY THE WITNESS:

6           A.     Can you explain what you mean by  
7     "others"?

8     BY MR. MOUGEY:

9           Q.     Others within Walgreen.

10          MS. SWIFT:   Same objection.

11     BY THE WITNESS:

12          A.     I think it's important for me to be  
13     trained, and I think it's important for others to  
14     know what my role is if I interact with those  
15     people.

16     BY MR. MOUGEY:

17          Q.     And you understand who -- you know who  
18     Tasha Polster is, correct?

19          A.     Yes, she is my boss.

20          Q.     She is your direct report, correct?

21          A.     Yes.

22          Q.     And she is the director or the person in  
23     charge, at least in the beginning of 2013, of  
24     Pharmaceutical Integrity when you started, correct?

1           A.       Yes, she was the director.

2           Q.       I will hand you what I'll mark as  
3   Daugherty 3.

4                   (WHEREUPON, a certain document was  
5                   marked as Walgreens-Daugherty  
6                   Deposition Exhibit No. 3: 3/21/13  
7                   e-mail string; WAGMDL00303029 -  
8                   00303031.)

9   BY MR. MOUGEY:

10          Q.       If you'd start at the top of this page,  
11   this is an e-mail from Ms. Polster dated 3/21/2013.  
12   You see where you were copied on that e-mail,  
13   correct?

14          A.       Yes.

15          Q.       Let's go below. Do you know who  
16   Sherrise Trotz is?

17          A.       Yes.

18          Q.       And who is Sherrise Trotz?

19          A.       At the time she was one of our pharmacy  
20   operations directors.

21          Q.       Yes, ma'am. She was the executive  
22   director of pharmacy operations at Walgreens,  
23   correct?

24          A.       Yes.



1           Q.     And the initial e-mail dated Monday,  
2     March 18 says, "All, we are requesting your  
3     participation in onboarding our last two hired MPDs  
4     on your areas of expertise. A formal announcement  
5     about the MPDs will be distributed later this  
6     week."

7                     Do you have any understanding of what  
8     MPDs are in this context?

9           A.     Honestly, I don't know.

10          Q.     Okay. And you see in the e-mail where  
11     it says, "Subject: New MPD corporate orientation."  
12     Correct?

13          A.     Yes.

14          Q.     So, it looks like new employees are  
15     being trained or oriented into different  
16     departments at Walgreens, correct?

17                 MS. SWIFT: Objection; lacks foundation.

18     BY THE WITNESS:

19          A.     My understanding is from this e-mail is  
20     that she's asking for additional information on our  
21     department, just a higher level description.

22     BY MR. MOUGEY:

23          Q.     You can see where you are referencing  
24     the "Please be prepared to provide the following,"

1 and she says, "A high level explanation of your  
2 area."

3 Correct?

4 A. Yes.

5 Q. And then the second is an  
6 "Organizational chart," correct?

7 A. Yes.

8 Q. Third bullet is "Your goals and  
9 objectives and how they align to the divisional and  
10 corporate strategies."

11 Correct?

12 A. Yes.

13 Q. And the fourth is "A paper copy of the  
14 presentation." Correct?

15 A. Yes.

16 Q. Are you familiar with what the term  
17 "onboarding" means?

18 A. My understanding of onboarding is making  
19 sure that we're providing the right training to new  
20 employees.

21 Q. You're getting new people up to speed,  
22 correct?

23 A. Yes.

24 Q. And this is Sherrise Trotz reaching out

1 to different departments saying, "Hey, we need to  
2 get the new people up to speed," right?

3 A. I can speculate that that's what she's  
4 doing, yeah.

5 Q. What's your understanding of what she's  
6 saying? She is saying, "We are trying to get new  
7 people up to speed." You are included in this  
8 e-mail, correct?

9 A. Yes.

10 Q. And she is asking for the folks on this  
11 e-mail to get the new people up to speed. Isn't  
12 that what your understanding is?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. My understanding is that she's just  
16 asking for a description of our department and an  
17 org chart.

18 BY MR. MOUGEY:

19 Q. And the purpose of her asking for the  
20 organization and the description of the charts is  
21 to onboard new people that are starting at  
22 Walgreens, correct?

23 A. To provide them additional information  
24 on what our department does and our org chart, yes.

1           Q.       Yes, ma'am. And Ms. Polster responds,  
2       "Please find the one-pager. I will reach out the  
3       new MPDs of the week of April 8 to schedule a call  
4       with them."

5                   Correct?

6           A.       Correct.

7           Q.       And the attachment is entitled  
8       "Pharmaceutical Integrity Overview One Pager.doc,"  
9       correct?

10          A.       Yeah. Yes.

11          Q.       And you were copied on this e-mail,  
12       correct?

13          A.       Yes, if I was copied on the attachment.  
14       It looks like I was.

15          Q.       Yes, ma'am. And others in your new  
16       department, Pharmaceutical Integrity, were also  
17       copied, correct?

18          A.       Yes, Chris Dymon, Eric Stahmann and  
19       Edward Bratton.

20          Q.       And those were all folks that held the  
21       same level of the organizational chart in  
22       Pharmaceutical Integrity as you, correct?

23          A.       Yes.

24          Q.       So, as of this point in time,

1 Ms. Polster, Mr. Dymon, yourself, Eric Stahmann and  
2 Edward Bratton were the top two levels of the  
3 organizational chart in Pharmaceutical Integrity,  
4 correct?

5 A. Yes, we all held the time title and we  
6 all reported directly to Tasha Polster.

7 Q. And if you turn to Bates number, and the  
8 Bates number's in the bottom right-hand corner,  
9 it's the attachment, it's -- the last two digits  
10 are 31, and the title of the document is  
11 "Pharmaceutical Integrity," correct?

12 A. Correct.

13 Q. And that's your department, correct?

14 A. Yes.

15 Q. Have you had a chance just to look at  
16 this or do you want to take a chance to read the  
17 content?

18 A. I'd like to take a minute.

19 Q. Sure.

20 A. Okay.

21 Q. Based on what you just reviewed, are the  
22 two paragraphs under "Pharmaceutical Integrity,"  
23 are those an accurate description of the  
24 responsibilities of your department?

1           A.       Yes.

2           Q.       Are they a complete description of the  
3 responsibilities of your department?

4           MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6           A.       I would say that it's not detailed and  
7 specific.

8 BY MR. MOUGEY:

9           Q.       Right. But are they the -- are the  
10 descriptions in the two paragraphs that Ms. Polster  
11 forwarded to Ms. Trotz, are these an accurate  
12 description as you understood it in the beginning  
13 of 2013 of what the objectives of Walgreens'  
14 Pharmaceutical Integrity Department was?

15          A.       Yes.

16          Q.       And you agree with that first sentence  
17 that "Rx," which is prescription or pharmaceutical,  
18 correct, that's the name of the department?

19          A.       Yeah.

20          Q.       That's what that stands for?

21          A.       Yes.

22          Q.       "Integrity was created to, one, protect  
23 and, two, grow Walgreens' controlled substance  
24 business while transforming community pharmacy to

1 play a greater role in the opiate narcotic epidemic  
2 and protect our business against high risk  
3 prescribers."

4 Do you see that?

5 A. Yes.

6 MS. SWIFT: Object to the form.

7 BY MR. MOUGEY:

8 Q. Did I read that correctly?

9 A. Yes.

10 Q. Was the two primary goals as Ms. Polster  
11 indicated in these paragraphs, one, to protect and,  
12 two, to grow Walgreens' controlled substance  
13 business?

14 MS. SWIFT: Objection; mischaracterizes the  
15 document.

16 BY THE WITNESS:

17 A. So, my understanding when I started in  
18 this position as to the description of our team was  
19 to ensure we were monitoring suspicious orders,  
20 prescriptions that were flagged and to make sure we  
21 were retraining and training our pharmacists on  
22 good faith dispensing and our Target Good Faith  
23 Dispensing policies.

24 BY MR. MOUGEY:

1 Q. So, if you would, please, just answer my  
2 question.

3 Was the two primary goals, as  
4 Ms. Polster indicated in these paragraphs, one, to  
5 protect and, two, to grow Walgreens' controlled  
6 substance business? Is that an accurate statement  
7 as Ms. Polster starts these two paragraphs off?

8 MS. SWIFT: Objection; asked and answered.

9 BY THE WITNESS:

10 A. Whose goal was -- are you talking about  
11 my goal? I think I already answered that.

12 BY MR. MOUGEY:

13 Q. That sounds a lot like what Ms. Swift  
14 just said, asked and answered, and then you  
15 respond, "I already answered that." It's kind of  
16 funny how that works, isn't it?

17 So, let's go back to the very first  
18 page where it says, "In order to onboard," the word  
19 you used, train, "our last two hired MPDs on your  
20 area of expertise."

21 Do you see the word "expertise"?

22 A. Yes.

23 Q. Pharmaceutical Integrity was the area of  
24 expertise on the folks on the top of this e-mail,



1 correct?

2 MS. SWIFT: Object to the form of the  
3 question.

4 BY THE WITNESS:

5 A. I'm not really sure I understand your  
6 question. Can you repeat it.

7 BY MR. MOUGEY:

8 Q. Your area of expertise along with the  
9 Mr. Stahmann, Mr. Dymon, Mr. Bratton and  
10 Ms. Polster, the area of expertise of the folks at  
11 the top of this e-mail is Pharmaceutical Integrity,  
12 correct?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. I was in the Pharmaceutical Integrity  
16 Department, yes.

17 BY MR. MOUGEY:

18 Q. Do you not think that people at the top  
19 of that e-mail chain --

20 A. Yes.

21 Q. -- are experts in the area of  
22 Pharmaceutical Integrity?

23 MS. SWIFT: Object to the form of the  
24 question.

1 BY THE WITNESS:

2 A. I think that they were the managers at  
3 Rx Integrity and, yes, that was their  
4 responsibility, to make sure that we were leading  
5 our team and doing what we were supposed to do,  
6 which was ensuring our controlled substance orders  
7 and reviewing flagged orders and reporting  
8 suspicious orders.

9 BY MR. MOUGEY:

10 Q. That's a little different than the  
11 question I asked.

12 I said do you believe that the  
13 individuals at the top of this e-mail chain,  
14 Ms. Polster, Mr. Dymon, yourself, Mr. Stahmann and  
15 Mr. Bratton, were -- their areas of expertise was  
16 the scope and responsibilities of the  
17 Pharmaceutical Integrity Department?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. I think that they were the managers  
21 leading the team and, yes, I did think that they  
22 had knowledge on how to manage the processes that  
23 we needed to do to fulfill our job.

24 BY MR. MOUGEY:

1 Q. Was Mr. Stahmann an expert in the area  
2 of diversion?

3 MS. SWIFT: Objection; lacks foundation.

4 BY THE WITNESS:

5 A. I don't know.

6 BY MR. MOUGEY:

7 Q. Did you sit shoulder to shoulder with  
8 Mr. Stahmann working in Pharmaceutical Integrity to  
9 build that department?

10 A. Yes.

11 Q. Did you have daily interactions with  
12 Mr. Stahmann?

13 A. Yeah.

14 Q. And you did for a long period of time,  
15 correct?

16 A. Yes.

17 Q. You sat around probably conference room  
18 tables like this talking about controlled substance  
19 monitoring, correct?

20 A. Yes.

21 Q. You talked about identifying suspicious  
22 orders, correct?

23 A. Yes.

24 Q. You talked about performing due

1 diligence on orders that were identified as  
2 suspicious, correct?

3 A. Yes.

4 Q. You had months and months and months,  
5 years of interactions with Mr. Stahmann on those  
6 topics, correct?

7 A. Yes.

8 Q. Was he an expert in the areas that we  
9 just walked through?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. Are you talking about now or are you  
13 talking about back in January 2013?

14 BY MR. MOUGEY:

15 Q. Any point in time. Do you consider him  
16 to be a subject matter expert on diversion?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. Today I do consider him to be  
20 knowledgeable on diversion, yes.

21 BY MR. MOUGEY:

22 Q. And that's different than the question I  
23 asked you. I didn't ask you whether he was  
24 knowledgeable. I asked you do you consider him to

1 be a subject matter expert on the issue of  
2 diversion?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I -- I think that he has a lot of  
6 knowledge on diversion, yes.

7 BY MR. MOUGEY:

8 Q. Does that knowledge level about  
9 diversion rise to the level of subject matter  
10 expertise?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. I would not know how to answer that.  
14 I'm not sure what you mean by -- how you would  
15 define subject matter expert. I think he has a lot  
16 of knowledge in his area.

17 BY MR. MOUGEY:

18 Q. You understand what the words "subject  
19 matter" is, right?

20 MS. SWIFT: Let her finish her answer before  
21 you ask the next question.

22 BY MR. MOUGEY:

23 Q. You understand what the words "subject  
24 matter" is, correct?

1 A. Yes.

2 Q. You understand what the word "expertise"  
3 is, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. That would be my opinion that he has a  
7 lot of knowledge, yes.

8 BY MR. MOUGEY:

9 Q. And what I'm asking you, in your  
10 understanding, does Mr. Stahmann's knowledge about  
11 diversion rise to the level of subject matter  
12 expertise?

13 MS. SWIFT: Same objections.

14 BY THE WITNESS:

15 A. In my opinion I think he is very  
16 knowledgeable --

17 BY MR. MOUGEY:

18 Q. And does that --

19 A. -- in diversion.

20 Q. Does that level of knowledge in  
21 diversion rise to the level of subject matter  
22 expertise?

23 A. I don't know.

24 MS. SWIFT: Same objection.

1 BY MR. MOUGEY:

2 Q. You don't know?

3 MS. SWIFT: Same objection.

4 BY MR. MOUGEY:

5 Q. What part of the -- what part of my  
6 question do you not know? You don't know --

7 MS. SWIFT: She's already told you.

8 BY THE WITNESS:

9 A. I don't know.

10 BY MR. MOUGEY:

11 Q. You don't know what?

12 A. What you just asked me.

13 Q. What part of what I asked you do you not  
14 know?

15 A. The entire question.

16 MS. SWIFT: Object to the form.

17 BY MR. MOUGEY:

18 Q. You don't know whether or not  
19 Mr. Stahmann is a subject matter expert in the area  
20 of diversion?

21 A. I don't know.

22 MS. SWIFT: Object to the form.

23 BY MR. MOUGEY:

24 Q. So, after sitting shoulder to shoulder

1 with him for years now in meetings, discussing  
2 diversion, you have no earthly idea of whether or  
3 not his knowledge base rises to the level of  
4 subject matter -- subject matter expert?

5 MS. SWIFT: Object to the form;  
6 mischaracterizes the testimony.

7 BY THE WITNESS:

8 A. I think he has a lot of knowledge in  
9 diversion.

10 BY MR. MOUGEY:

11 Q. What's --

12 A. Very knowledgeable.

13 Q. But not to the level of subject matter  
14 expertise?

15 MS. SWIFT: Object to the form. She's asked  
16 you to define your term and you haven't done it.

17 BY THE WITNESS:

18 A. I don't know what that level means.  
19 What level --

20 BY MR. MOUGEY:

21 Q. Sounds a lot like what Ms. Swift said.  
22 We can do this all day long.

23 MS. SWIFT: She said she didn't know what you  
24 were talking about. I was repeating what she had



1 just said. Define your term.

2 BY MR. MOUGEY:

3 Q. Do you understand what SME is within  
4 Walgreens?

5 A. Yes.

6 Q. What does that stand for?

7 A. Someone who is the expert for a  
8 particular area or topic.

9 Q. And SME stands -- the acronym stands for  
10 subject matter expert, correct?

11 A. Correct.

12 Q. Right. So, you understand what the word  
13 "subject matter expert" is, correct?

14 A. Yes.

15 MS. SWIFT: Object to the form.

16 BY MR. MOUGEY:

17 Q. I didn't invent that word, right?

18 A. No.

19 Q. That's a term of art within Walgreens,  
20 correct?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. No.

24 BY MR. MOUGEY:

1 Q. Do you believe that Mr. Stahmann, as  
2 Walgreens defines SME, is a subject matter expert  
3 in the areas of diversion?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I don't know if Walgreens defines Eric  
7 Stahmann as a subject matter expert in the area of  
8 diversion.

9 BY MR. MOUGEY:

10 Q. You understand I'm not asking --

11 MS. SWIFT: Let her finish her answer.

12 BY MR. MOUGEY:

13 Q. I'm not asking you whether or not you  
14 understand what Walgreens --

15 MS. SWIFT: Were you finished with your  
16 answer?

17 THE WITNESS: Yeah.

18 BY MR. MOUGEY:

19 Q. I'm not understanding you what -- I'm  
20 not asking you what Walgreens defines him as. I'm  
21 asking you what you do. You understand that,  
22 right?

23 A. You're asking me what I think?

24 Q. Yes, ma'am. That's right.

1           A.       In my opinion.

2           Q.       That's right. What you believe.

3           A.       I don't know what Walgreens defines as a  
4       subject matter expert in your question. Do I think  
5       that Eric Stahmann has a good knowledge base on  
6       diversion, yes.

7           Q.       I'm not asking you what Walgreens  
8       believes. I'm asking you do you understand  
9       Walgreens' definition of SME?

10          A.       Yes.

11          Q.       And you understand what SME is. What do  
12       you understand that SME is?

13          A.       Someone who is an expert on a specific  
14       topic or area of their job.

15          Q.       And you've had years of interacting with  
16       Mr. Stahmann on his day-to-day duties, including  
17       diversion, correct?

18          A.       Yes.

19          Q.       Do you, Ms. Daugherty, believe that  
20       Mr. Stahmann is an SME, as you understand it, on  
21       diversion?

22          MS. SWIFT: Object to the form.

23       BY THE WITNESS:

24          A.       I have never heard Eric referred to as

1 an SME on the topic of diversion.

2 BY MR. MOUGEY:

3 Q. I'm not asking you if you have ever  
4 heard him referred to.

5 Based on your understanding of what SME  
6 is and based on your interactions for years with  
7 Mr. Stahmann on diversion, do you consider him to  
8 be an SME in diversion?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. I don't know that I consider him an  
12 expert.

13 BY MR. MOUGEY:

14 Q. Who did you understand was the subject  
15 matter expert when you started at Walgreens in  
16 early 2013 on diversion?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. Again, I don't think that anyone that I  
20 knew that I worked at with Walgreens was a subject  
21 matter expert on diversion.

22 I would say that I worked directly with  
23 my boss Tasha Polster on any questions that I had  
24 as I was learning the role in my job.

1 BY MR. MOUGEY:

2 Q. Do you agree -- let's go back to  
3 Daugherty 3.

4 Do you agree, on Bates No. 31, that  
5 Rx Integrity was created to protect and grow  
6 Walgreens' controlled substance business?

7 MS. SWIFT: Objection.

8 BY MR. MOUGEY:

9 Q. Do you agree with that statement?

10 MS. SWIFT: Same objections raised previously  
11 on the same question.

12 BY THE WITNESS:

13 A. I would say that my role when I started  
14 in Rx Integrity was to ensure that we were  
15 reporting suspicious orders, reviewing flagged  
16 orders and ensuring that our DEA 106s were  
17 submitted.

18 BY MR. MOUGEY:

19 Q. So, you do not agree with the very first  
20 statement, "Rx Integrity was created to protect and  
21 grow Walgreens' controlled substance business"?

22 MS. SWIFT: Same objections.

23 BY THE WITNESS:

24 A. I would say that my job was created to

1 ensure that we were managing our suspicious orders,  
2 reporting them appropriately, and, again, following  
3 our process for DEA 106 and supporting our Good  
4 Faith Dispensing policies.

5 BY MR. MOUGEY:

6 Q. Yes, ma'am. And none of the description  
7 you just gave me included that Rx Integrity was  
8 created to protect and grow Walgreens' controlled  
9 substance business, correct?

10 MS. SWIFT: Same objections.

11 BY THE WITNESS:

12 A. I did not write that. I don't know.

13 BY MR. MOUGEY:

14 Q. I understand you didn't write it.

15 Did you respond to this e-mail or at any  
16 point in time to Ms. Polster that "I'm confused. I  
17 thought I was here to alert DEA of 106 issues. I'm  
18 here to implement GFD and I'm here to identify  
19 suspicious orders. I didn't know I was here to  
20 protect and grow Walgreens' controlled substance  
21 business"? Did you ever say anything along those  
22 lines?

23 A. No.

24 Q. Did this confuse you when you started?

1     You had only been here a couple months at this  
2     point in time. When you get a statement from your  
3     boss saying that Rx Integrity was created to  
4     protect and grow Walgreens' controlled substance  
5     business, did that confuse you at all?

6             MS. SWIFT: Object to the form.

7     BY THE WITNESS:

8             A. No, not that I recall.

9     BY MR. MOUGEY:

10            Q. If you go to the bottom -- let's do it  
11     this way. If you go to the bottom of that page.

12                     The Rx Integrity managers, and it lists  
13     you, Mr. Dymon, Mr. Bratton and Mr. Stahmann,  
14     correct?

15            A. Yes.

16            Q. And you have what appears to be regional  
17     divisions, correct?

18            A. Yes.

19            Q. And you were the Midwestern Division,  
20     correct?

21            A. At the time, yes.

22            Q. How long did that last for?

23            A. I don't remember. I can only speculate  
24     maybe two years.

1 Q. And then where did you go after the  
2 Midwestern Division?

3 A. Eastern Division.

4 Q. And did you have specific  
5 responsibilities outside of geographic areas as a  
6 manager of Pharmaceutical Integrity?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. Can you elaborate on that, explain what  
10 you mean.

11 BY MR. MOUGEY:

12 Q. Well, did you and Mr. Bratton and  
13 Mr. Stahmann and Mr. Dymon split up specific tasks  
14 or roles outside of the geographic  
15 responsibilities?

16 A. At what time?

17 Q. In -- at the time this e-mail was  
18 drafted in early 2013.

19 A. Outside of the geographic divisions?

20 Q. Yes, ma'am.

21 A. Not that I recall, no.

22 Q. Not that you -- okay.

23 Was there a time after the creation of  
24 this e-mail, so later 2013, '14, that you did have



1 specific roles or responsibilities outside of the  
2 geographic areas?

3 A. In 2013 and 2014?

4 Q. Right.

5 A. No. Not that I recall.

6 Q. So, it wasn't like Mr. Bratton was the  
7 computer guy, right?

8 A. Not that I recall.

9 MS. SWIFT: Object to the form.

10 BY MR. MOUGEY:

11 Q. It wasn't that Mr. Stahmann was the kind  
12 of detective, loss prevention guy, right?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. No.

16 BY MR. MOUGEY:

17 Q. Your roles, as you understood them,  
18 within Pharmaceutical Integrity was -- were  
19 geographic in scope, correct?

20 A. Correct.

21 MS. SWIFT: Object to the form.

22 BY MR. MOUGEY:

23 Q. All right. Now, let's go to the second  
24 paragraph of this document. "The team works with

1 various departments, including legal, government  
2 affairs, logistics, loss prevention, IT and others  
3 to ensure company-wide awareness and adhere federal  
4 state and local laws and regulations."

5 Correct?

6 A. Yes.

7 Q. And that was -- "the team" reference  
8 that Ms. Polster disseminated to you all is the  
9 Pharmaceutical Integrity team, correct?

10 A. Yes.

11 Q. So, it was important for others within  
12 Walgreens to understand what the objectives of your  
13 department was, correct?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. I think I said earlier it's -- it was  
17 important in terms of the people within Walgreens  
18 that we were working with, yes.

19 BY MR. MOUGEY:

20 Q. And important because every other team  
21 needs to have an understanding of what the scope of  
22 responsibilities of the other groups within the  
23 organization are, correct?

24 MS. SWIFT: Object to the form of the

1 question.

2 BY THE WITNESS:

3 A. For example, yes, I think government  
4 affairs should be aware of Rx Integrity as we  
5 worked with them as well as loss prevention.

6 BY MR. MOUGEY:

7 Q. All right. So, let's go back up to the  
8 top of the -- of this description where it says,  
9 "Rx Integrity is responsible for managing, creating  
10 and maintaining controlled substance dispensing,  
11 monitoring and reporting programs including the  
12 Good Faith Dispensing policy and the National Good  
13 Faith Dispensing program."

14 Did I get that right?

15 A. Yes.

16 Q. All right. Can you explain to me who at  
17 Walgreens was responsible for creating the policy  
18 discussed in that sentence?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. I don't know as my understanding is the  
22 policy was created before I started in that  
23 position.

24 BY MR. MOUGEY:

1           Q.     So, when you started in the position at  
2     Pharmaceutical Integrity in early 2013, how long  
3     did the training process last?

4           A.     I think that it was ongoing.  Again, I  
5     would say that I am still being trained today and  
6     learning new things today --

7           Q.     Are you familiar --

8           A.     -- as regulations change.

9           Q.     I'm sorry.  I didn't mean to interrupt  
10    you.

11                   Are you familiar with the term  
12    "war room"?

13           A.     I'm familiar with the term, yes.

14           Q.     Was it used when you first started at  
15    Walgreens, a war room?

16           A.     In 2013?

17           Q.     Yes, ma'am.

18           A.     Not that I recall.

19           Q.     Not that I recall.

20                   Do you recall that there was a  
21    conference room that was set up where documents and  
22    policies and procedures within Walgreens had been  
23    kind of gathered for review?

24           A.     No.  My understanding of war room is not

1 the same.

2 Q. All right. Do you -- that's why I  
3 didn't use the word "war room" that time. I asked  
4 did you understand that there was a room or a  
5 conference room that -- at Walgreens that the  
6 members of the Pharmaceutical Integrity Department  
7 gathered policies, procedures and documents for  
8 review to assist with the creation of the policies  
9 for identifying suspicious orders?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. No.

13 BY MR. MOUGEY:

14 Q. No. Do you believe that there was a  
15 robust system for identifying suspicious orders at  
16 Walgreens when you started in January '13?

17 MS. SWIFT: Object to the form, foundation.

18 BY THE WITNESS:

19 A. I think that the suspicious order  
20 monitoring program and the CSO KPI tool that we  
21 developed when I started was an effective tool,  
22 yes.

23 BY MR. MOUGEY:

**REDACTED**

**REDACTED**

2 A. Correct.

3 MS. SWIFT: Object to the form.

4 BY MR. MOUGEY:

5 Q. That came after you started, correct?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. No, it was in place. There was just  
9 some manual components. Like I said, as opposed to  
10 responding in the tool, we were using e-mail  
11 alongside it.

12 BY MR. MOUGEY:

13 Q. So, sitting here today with what you  
14 know, is Ms. Polster's e-mail disseminating the  
15 description of Pharmaceutical Integrity in front of  
16 you on Daugherty 3, is that an accurate description  
17 of your department at that point in time?

18 MS. SWIFT: Same objection as before.

19 BY THE WITNESS:

20 A. I don't think it's complete, no.

21 BY MR. MOUGEY:

22 Q. So, the answer is that is not an  
23 accurate description of your department?

24 MS. SWIFT: Same objection.

1 BY THE WITNESS:

2 A. I don't think it's complete.

3 BY MR. MOUGEY:

4 Q. So the answer is yes, I do not think  
5 it's an accurate description, correct?

6 MS. SWIFT: Same objection.

7 BY THE WITNESS:

8 A. The answer is I don't think it's  
9 complete.

10 BY MR. MOUGEY:

11 Q. So, the answer -- I'm entitled to a yes  
12 or no on my question. So, when I ask you a  
13 question that's capable of a yes or no, I'd  
14 appreciate it if you'd give that to me. Okay? If  
15 you want --

16 MS. SWIFT: She is going to give you the  
17 answer to the question that she believes is the  
18 truthful answer.

19 BY MR. MOUGEY:

20 Q. If you want to explain your answer,  
21 that's your prerogative. But I would appreciate if  
22 you could give me a yes or no.

23 So, do you agree with me that the  
24 two-paragraph description that Ms. Polster

1 disseminated was inaccurate and not complete?

2 MS. SWIFT: Same objections.

3 BY THE WITNESS:

4 A. I don't think that the description in  
5 front of me is complete.

6 BY MR. MOUGEY:

7 Q. And, therefore, it is inaccurate,  
8 correct?

9 MS. SWIFT: Same objections.

10 BY THE WITNESS:

11 A. I don't know that it's inaccurate. I  
12 don't think it's complete.

13 BY MR. MOUGEY:

14 Q. Do you not think it's important that  
15 descriptions and training within Walgreens for  
16 folks that are onboarding be complete?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. This description was intended for  
20 onboarding new employees, and it was not intended  
21 for my understanding of my role. I understood my  
22 role in my position. I understand it today.

23 BY MR. MOUGEY:

24 Q. Did you prepare for your deposition



1 today?

2 A. Yes.

3 Q. And you met with lawyers today, correct,  
4 for today?

5 A. Yes.

6 Q. In preparation for. Correct? Sorry.

7 A. Yes.

8 Q. And those lawyers included outside  
9 counsel?

10 A. Yes.

11 Q. And did it include in-house counsel at  
12 Walgreens as well?

13 A. For the preparation of the deposition?

14 Q. Yes, ma'am.

15 A. No.

16 Q. Were there anyone there for the  
17 preparation of your deposition that was not with  
18 outside counsel?

19 MS. SWIFT: Object to the form of the  
20 question.

21 BY THE WITNESS:

22 A. No.

23 BY MR. MOUGEY:

24 Q. When I say "with," I mean employed by

1 the outside counsel. It was all lawyers that were  
2 there during your preparation?

3 A. To my knowledge, yes.

4 Q. How many times have you met with outside  
5 counsel to prepare for your deposition?

6 A. Three times.

7 Q. And how many hours each time did you  
8 prepare?

9 A. I would say three, three and a half  
10 hours.

11 Q. Each time?

12 A. Each time.

13 Q. Were you given documents to review?

14 MS. SWIFT: It's a yes-or-no question.

15 BY THE WITNESS:

16 A. Yes.

17 BY MR. MOUGEY:

18 Q. And were you given documents to take  
19 home to review?

20 A. No.

21 Q. How many documents were you given to  
22 review in order to prepare for your testimony in  
23 total from all your meetings?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. More than three, less than ten maybe.

3 BY MR. MOUGEY:

4 Q. Did you have --

5 A. I don't know exactly.

6 Q. Sorry. Did you have any telephone  
7 conferences outside of those in-person meetings to  
8 prepare for your testimony today?

9 A. No.

10 Q. So, the total meetings were the three  
11 that you mentioned earlier?

12 A. Correct.

13 Q. And which lawyers did you meet with to  
14 prepare for your testimony today?

15 A. So, I met with Kate Swift. I met with  
16 Hamilton. I don't know his last name. I met with  
17 Pete Wilson. And I met with -- I can't think of  
18 her name. I can't think of the other lady's name  
19 right now at this time.

20 Q. Did part of your training when you began  
21 at Walgreens include an update on the status of  
22 opiate prescriptions around the country?

23 MS. SWIFT: Object to the form.

24 BY THE WITNESS:

1           A.       I think that I have seen updates,  
2       whether it be from like online or in the news or  
3       updates in general of what was going on around the  
4       country, yes.

5       BY MR. MOUGEY:

6           Q.       And when you reference news sources  
7       online or TV reports, was that post you starting  
8       with Pharmaceutical Integrity or before or both?

9           A.       Related to?

10          Q.       Opiate crisis.

11          A.       Before and after, yes.

12          Q.       And, so, my initial question was was  
13       part of your training a review of the opiate crisis  
14       in the U.S. prior to 2013?

15          MS. SWIFT:  Objection.  That's a new question.  
16       It's not what you asked previously.

17       BY THE WITNESS:

18          A.       Training.  Yes.  I mean, I had  
19       definitely had seen maps or information around what  
20       was going on in the country related to controlled  
21       substance abuse.

22       BY MR. MOUGEY:

23          Q.       Were you advised that in 2013 as part of  
24       your training that the opiate crisis was relatively

1 new?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. No.

5 BY MR. MOUGEY:

6 Q. No. Would that be inaccurate?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. My understanding of the opioid crisis  
10 was before I started my position.

11 BY MR. MOUGEY:

12 Q. But the question I asked was: If the  
13 opiate crisis was described as new in 2013, that  
14 would be inaccurate, correct?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. If someone described it as new, I -- I  
18 would have to say that it wasn't necessarily new  
19 other than it was coming to light more in the news  
20 and in the press.

21 BY MR. MOUGEY:

22 Q. So, when you reference the news and in  
23 the press articles that you had seen, that was  
24 relatively recent before you had started your 2013

1 job at Walgreens?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. At the time there was a lot of news and  
5 information around the opioid crisis, yes.

6 BY MR. MOUGEY:

7 Q. And do you have an understanding of how  
8 far back the national press coverage of the opiate  
9 crisis went prior to 2013?

10 MS. SWIFT: Object to the form, foundation.

11 BY THE WITNESS:

12 A. No, I don't.

13 BY MR. MOUGEY:

14 Q. Do you have any understanding of whether  
15 or not there were any Congressional investigations  
16 regarding the opiate crisis prior to 2013?

17 A. No.

18 Q. And do you have any understanding of  
19 whether or not there were any subcommittees,  
20 Congressional subcommittees, that were formed to  
21 investigate the opiate crisis prior to 2013?

22 A. Not that I can recall.

23 Q. So, you don't recall any of that being  
24 part of your training when you started in 2013?

1           A.       I don't recall being trained on -- that  
2       there were Congressional subcommittees --

3           Q.       Or what the --

4           A.       -- prior to 2013, no.

5           Q.       You don't recall being trained about  
6       what the scope of the problem was regarding opiate  
7       crisis or how far back that problem existed?

8           MS. SWIFT: Object to the form of the  
9       question.

10       BY THE WITNESS:

11          A.       In my training, I was definitely made  
12       aware of the prescription drug abuse going on  
13       around the country. Like I said, I saw some maps.  
14       I've seen, you know, information around various  
15       parts of the country where there was news related  
16       to issues around prescription drug abuse and opioid  
17       abuse.

18       BY MR. MOUGEY:

19          Q.       Did you have an understanding as part of  
20       your training from Walgreens about how far back the  
21       opiate abuse existed, timewise?

22          MS. SWIFT: Object to the form.

23       BY THE WITNESS:

24          A.       At the time I honestly don't remember.

1 MS. SWIFT: We have been going about an hour.  
2 Are you getting close to a breaking point?

3 MR. MOUGEY: I'd like to finish this next  
4 document if I could, but yes is the answer to your  
5 question.

6 I hand you what I have marked as  
7 Daugherty 4.

8 (WHEREUPON, a certain document was  
9 marked as Walgreens-Daugherty  
10 Deposition Exhibit No. 4: 1/10/13  
11 e-mail with attachment;  
12 WAGMDL00049752 - 00049773.)

13 BY MR. MOUGEY:

14 Q. The first page of this document is an  
15 e-mail from Mr. Dymon who is your equivalent in  
16 Pharmaceutical Integrity, correct?

17 A. Correct.

18 Q. To yourself and other members of the  
19 Pharmaceutical Integrity team, correct?

20 A. Yes.

21 Q. Including the individual Tasha Polster  
22 who is in charge of Pharmaceutical Integrity,  
23 correct?

24 A. The e-mail is to Tasha. I can't recall



1 who Lauren O'Sullivan is.

2 Q. But Ms. Polster was running  
3 Pharmaceutical Integrity as of January of 2013,  
4 correct?

5 A. Yes.

6 Q. The subject of this e-mails says, "DEA  
7 Update Presentation for Market Leadership."

8 Do you see that?

9 A. Yes.

10 Q. And this is while you were being trained  
11 at Walgreens in early 2013 regarding the opiate  
12 crisis, correct?

13 A. Yes.

14 Q. And the attachment as referenced says  
15 "DEA Market Leadership Scrubbed Version  
16 January 2013."

17 Do you see that?

18 A. Where do you see that?

19 Q. The attachment.

20 A. Oh, yeah, I see that, yes.

21 Q. Do you have an understanding of what  
22 "scrubbed version" meant?

23 A. My understanding of scrubbed version is  
24 usually when it's picked for spelling and errors

1 and grammatical.

2 Q. And it had been reviewed and the content  
3 in the presentation was accurate, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. Accurate according to the person that  
7 reviewed it I would assume.

8 BY MR. MOUGEY:

9 Q. And Mr. Dymon was part of the same  
10 training you were when Pharmaceutical Integrity  
11 started, correct, Ms. Daugherty?

12 A. Yes, I think this might have been the  
13 first couple days that Mr. Dymon started in the  
14 position, yes.

15 Q. Yes, ma'am. And the first week that you  
16 had been there, correct?

17 A. Absolutely.

18 Q. You started after the holidays --

19 A. Right.

20 Q. -- in January of '13, correct?

21 A. That's correct.

22 Q. You had been there about a week,  
23 correct?

24 A. Yes.

1           Q.     And this was part of the material being  
2     disseminated for your review in 2013 when you  
3     started, correct?

4           A.     Yes.

5           Q.     And if you would turn to the first  
6     page of the PowerPoint presentation that's attached  
7     on Bates No. 53, "DEA Update, Market Leadership  
8     Meeting."

9                     Do you see that?

10          A.     What page?

11          Q.     Bates No. 53 in the bottom right-hand  
12     corner.

13          A.     53?

14          MS. SWIFT: He is talking about the Bates  
15     number, which is the long number.

16          THE WITNESS: Oh, got it. Okay.

17     BY THE WITNESS:

18          A.     Yes.

19     BY MR. MOUGEY:

20          Q.     "DEA Update, Market Leadership Meeting";  
21     and it has Tasha Polster's name, the executive  
22     director or the director of Pharmaceutical  
23     Integrity, correct?

24          A.     Yes.

1 Q. And if you turn to the second page of  
2 the PowerPoint, that's titled "The New Hot Topic."

3 Do you see that?

4 A. Yes.

5 Q. You recognize that guy's face there,  
6 that's Dr. Sanjay Gupta from CNN, right?

7 A. Yes.

8 Q. And you see in the title of this  
9 document "The New Hot Document" -- I mean, "The New  
10 Hot Topic," correct?

11 A. Yes.

12 Q. And you see that there is talking points  
13 below the PowerPoint slide, right?

14 A. Yes.

15 Q. And it says, "The new hot topic in the  
16 news is the epidemic America has: Prescription  
17 pain drug abuse."

18 Correct?

19 A. Yes.

20 Q. Is that an accurate statement that  
21 the -- that the opiate epidemic is a new hot topic?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. I don't know at the time if that was a

1 new hot topic or not. I don't know.

2 BY MR. MOUGEY:

3 Q. You testified previously that you had  
4 seen reports about the opiate epidemic in the press  
5 and online. Was it a new topic across the American  
6 press in January of 2013?

7 MS. SWIFT: Same objections.

8 BY THE WITNESS:

9 A. I don't know if that was a new hot  
10 topic. I'm not an expert in the news. I don't  
11 know.

12 BY MR. MOUGEY:

13 Q. I'm not asking you to be an expert in  
14 the news. You're part of now you've been in  
15 Pharmaceutical Integrity Department from 2013 and  
16 today is November of 2018.

17 How long had the opiate epidemic been  
18 raging by the time January 2013 hit?

19 MS. SWIFT: Same objections.

20 BY THE WITNESS:

21 A. I don't know.

22 BY MR. MOUGEY:

23 Q. You have no idea?

24 MS. SWIFT: Same objections.

1 BY THE WITNESS:

2 A. I don't know.

3 BY MR. MOUGEY:

4 Q. So, as part of your training, you don't  
5 recall any review of how long the opiate crisis had  
6 existed?

7 MS. SWIFT: Same objections.

8 BY THE WITNESS:

9 A. Not that I recall.

10 MS. SWIFT: Let me get my objections out.

11 THE WITNESS: Sorry.

12 MS. SWIFT: It's okay.

13 BY MR. MOUGEY:

14 Q. So, sitting here today, do you have an  
15 understanding of whether or not the opiate crisis  
16 in January '13 was new?

17 MS. SWIFT: Same objections.

18 BY THE WITNESS:

19 A. No, I do not. I don't recall.

20 BY MR. MOUGEY:

21 Q. I'm asking you. I said sitting here  
22 today. Sitting here today, do you have an  
23 understanding of whether the opiate crisis in  
24 January '13 was a new topic in the media?

1 MS. SWIFT: Same objections.

2 BY THE WITNESS:

3 A. I don't know.

4 MS. SWIFT: Peter, if you're going to spend a  
5 lot of time on this document, I ask that we take a  
6 break. We have been going for about an hour 10  
7 minutes.

8 MR. MOUGEY: I said when I got through it,  
9 I'll be done.

10 MS. SWIFT: I'm sorry?

11 MR. MOUGEY: When I get finished with this  
12 document, we'll be done.

13 BY MR. MOUGEY:

14 Q. On Bates No. 53.

15 MS. SWIFT: I'll ask again if it's another 10,  
16 15 minutes, just so you know.

17 BY MR. MOUGEY:

18 Q. On Bates No. 53. Do you see the Bates  
19 numbers in the bottom corner?

20 A. Yes.

21 Q. The long number. You see the last two  
22 digits are 53?

23 A. Yes.

24 Q. All right. I'm on the timeline 2012.

1 MS. SWIFT: You're on Bates 53?

2 MR. MOUGEY: Yeah.

3 MS. SWIFT: Bates 53 is the title slide.

4 MR. MOUGEY: It is.

5 BY MR. MOUGEY:

6 Q. And it's -- there is --

7 MS. SWIFT: While you guys figure this out, we  
8 are going to take a five-, ten-minute break.

9 MR. MOUGEY: We are not taking a break in the  
10 middle of a document. We have been going an hour  
11 and 15 minutes. We're not taking a break. I said  
12 when we finished this document. It's a few pages.  
13 I'd like to finish.

14 MS. SWIFT: I'm going to respectfully request  
15 a bathroom break.

16 BY MR. MOUGEY:

17 Q. Page 7. Do you see the 7th page?

18 MS. SWIFT: I'm going to note for the record  
19 an objection that counsel is refusing to stop the  
20 deposition for a bathroom break.

21 MR. MOUGEY: I just said can I get through  
22 this document and I'm almost finished. We have  
23 taken more time asking for breaks than we are --  
24 let me finish this document.



1 BY MR. MOUGEY:

2 Q. Page 7.

3 MS. SWIFT: Well, we wouldn't have been doing  
4 that if you grant a request for a break.

5 MR. MOUGEY: This is the MO. We take a break  
6 every hour and we run out the clock.

7 BY MR. MOUGEY:

8 Q. Page 7. Do you see the talking point on  
9 page 7 of this document titled "Timeline 2012"?

10 A. Yes.

11 Q. "The key to note is that this isn't just  
12 a Florida problem."

13 Do you see that in the PowerPoint from  
14 Ms. -- that has Ms. Polster's name on it?

15 A. Yes.

16 Q. And that's referring to the opiate  
17 epidemic, correct?

18 MS. SWIFT: Object to the form, foundation.

19 BY THE WITNESS:

20 A. I can only speculate.

21 BY MR. MOUGEY:

22 Q. Sounds like what Ms. Swift just said.

23 So, based on your understanding of your  
24 review of this PowerPoint, do you agree that the

1     opiate epidemic isn't just a Florida problem?

2             MS. SWIFT:   Objection.   Do you want her to  
3     look at the whole document or are you asking about  
4     just that sentence?

5     BY MR. MOUGEY:

6             Q.       Do whatever you need to do to answer the  
7     question.

8             A.       I can only assume what that means.   I  
9     don't know.   I can only speculate.   I didn't write  
10    it.

11            Q.       I didn't ask you if you write it.

12                    Based on your six, seven years now  
13    experience in Pharmaceutical Integrity, do you  
14    agree that the opiate epidemic isn't just a Florida  
15    problem?

16            MS. SWIFT:   Same objections; lacks foundation.

17    BY THE WITNESS:

18            A.       Today I agree that there is a  
19    prescription drug abuse problem across the country,  
20    yes.

21    BY MR. MOUGEY:

22            Q.       But sitting there in January of 2013,  
23    you don't recall having an understanding of whether  
24    the opiate epidemic was just a Florida problem?

1 MS. SWIFT: Same objections.

2 BY THE WITNESS:

3 A. I don't recall in January 2013.

4 BY MR. MOUGEY:

5 Q. Your job included identifying suspicious  
6 orders around the country when you began in  
7 January 2013, correct?

8 A. Yes, and primarily the Midwest.

9 Q. Wouldn't it be important to know where  
10 there were hot spots or problems in the opiate  
11 epidemic in performing your responsibilities?

12 MS. SWIFT: Object to the form of the  
13 question.

14 BY THE WITNESS:

15 A. I think over the course of my training  
16 in January 2013, like I said, I was aware of areas  
17 that were alerted in the news or in the press or  
18 maybe had seen maps online that alerted of areas  
19 where there was maybe more prescription drug abuse,  
20 yes.

21 BY MR. MOUGEY:

22 Q. Based on the knowledge you brought to  
23 the table in January 2013 and your understanding  
24 based on your experience in the pharmaceutical

1 industry, do you agree that the opiate epidemic  
2 wasn't just a Florida problem as of January of  
3 2013?

4 MS. SWIFT: Same objections; lacks foundation.

5 BY THE WITNESS:

6 A. Today I agree that it's not just a  
7 Florida issue.

8 BY MR. MOUGEY:

9 Q. What I'm asking you is when you started  
10 in January of 2013.

11 MS. SWIFT: Same objections.

12 BY THE WITNESS:

13 A. I don't recall what I knew back in  
14 January of 2013, whether it was just a Florida  
15 problem or not.

16 BY MR. MOUGEY:

17 Q. Do you have any understanding of when  
18 you had this maybe epiphany or this enlightenment  
19 that there was -- the opiate epidemic wasn't just a  
20 Florida problem?

21 MS. SWIFT: Same objections.

22 BY THE WITNESS:

23 A. Again, I would say it was when I had  
24 seen other areas of the country being in the news

1 or in the press or online and then had seen that  
2 there are other areas of the country where there  
3 may be issues with prescription drug abuse, yes.

4 Q. But that was after you started at  
5 Walgreens?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. It was -- it was after the first day I  
9 started with Walgreens, yes.

10 BY MR. MOUGEY:

11 Q. So, coming to the table at Walgreens in  
12 2013, you did not have an understanding of whether  
13 or not the opiate epidemic, where the hot spots  
14 were around the country?

15 MS. SWIFT: Object to the form of the  
16 question.

17 BY THE WITNESS:

18 A. Prior to 2013, no.

19 MR. MOUGEY: Let's go ahead and take  
20 Ms. Swift's break.

21 MS. SWIFT: Thank you.

22 MR. MOUGEY: You're welcome.

23 THE VIDEOGRAPHER: We're going off the record  
24 at 10:22.

1 (WHEREUPON, a recess was had  
2 from 10:22 to 10:35 a.m.)

3 THE VIDEOGRAPHER: We're back on the record at  
4 10:35.

5 MR. MOUGEY: Thank you.

6 BY MR. MOUGEY:

7 Q. Let's stay with the same document,  
8 Ms. Daugherty. If you would please go to page 6  
9 titled "Timeline of Events," and the first entry is  
10 "Pre-August 2010." Are you there?

11 A. Yes.

12 Q. Okay. Next to the "Pre-August 2010"  
13 indicates there had been a "steady increase in  
14 Florida pill mills."

15 Do you see that?

16 A. Yes.

17 Q. And "prescribers dispensing  
18 medications," correct?

19 A. Yes.

20 Q. And you can flip to the previous pages.  
21 Do you see any indication of a description of the  
22 events leading up to the opiate crisis prior to  
23 2010?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. What previous pages are you referring  
3 to?

4 BY MR. MOUGEY:

5 Q. Any of the previous five pages of  
6 this -- of this PowerPoint presentation that went  
7 out with Ms. Polster's name on it.

8 Do you see any entries specifically  
9 describing the timeline of events leading up to  
10 August of 2010?

11 MS. SWIFT: Same objection.

12 BY MR. MOUGEY:

13 Q. It's an easy question. Do you see  
14 anything else in the timeline? Unless you want me  
15 to go through it page by page with you.

16 MS. SWIFT: Same objection.

17 BY THE WITNESS:

18 A. I see on page 4 a graph that shows the  
19 leading cause of prescription drugs.

20 BY MR. MOUGEY:

21 Q. Yes. That that had surpassed motor  
22 vehicles in 2011, correct?

23 A. That's what it looks like.

24 Q. Leading cause of death, prescription

1 drugs, correct?

2 A. Based on this graph, yes.

3 Q. Yes, ma'am. And that was surpassed,  
4 it -- it looks like prescription drugs surpassed  
5 motor vehicles sometime close to 2010, correct?

6 A. That's what it looks like based on this  
7 graph.

8 Q. And the talking points below says, "This  
9 particular stat came out of California, but there  
10 were multiple examples across the country where the  
11 leading cause of accidental death is prescription  
12 pain medications (opioid use)."

13 Correct?

14 A. That's what it says, yes.

15 Q. Yes, ma'am. You're not sure whether  
16 that's accurate or not?

17 A. I don't know --

18 Q. You don't know?

19 A. -- it to be true.

20 Q. You don't know then or you don't know  
21 now or both?

22 A. I don't know then and I don't know now.

23 Q. You don't know whether or not  
24 prescription opiates now are the leading cause of



1 death in specific age groups in the U.S.?

2 A. I do know that prescription overdose  
3 deaths are or have exceeded motor vehicle accidents  
4 based on what I've seen in various charts and  
5 graphs online, yes.

6 Q. And when you say "online," you mean  
7 outside of Walgreens?

8 A. Correct.

9 Q. Let's go back to page 6. On this  
10 timeline of events that starts with a description  
11 of "Pre-August 2010: Steady increase in Florida  
12 pill mills." Right?

13 A. That's what it says.

14 Q. And then it continues describing some of  
15 the changes of events like October of 2010 where  
16 the Florida legislation restricted prescription  
17 dispensing to only 72 hours. Do you see that?

18 A. Yes.

19 Q. Does that give any indication of whether  
20 or not there was a dramatic problem at least in the  
21 State of Florida prior to 2010?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. I do know that Florida changed their

1     legislation to not allow prescribers to dispense  
2     medications and only prescribe out of their clinics  
3     at some point in time around this time.

4     BY MR. MOUGEY:

5             Q.     Yes, ma'am. The question I asked was  
6     does that give you any indication, the change by  
7     the Florida legislature, of whether there was a  
8     dramatic problem at least in the State of Florida  
9     prior to 2010?

10            MS. SWIFT: Object to the form.

11     BY THE WITNESS:

12            A.     I don't know if there was a dramatic  
13     problem. I would understand that they are making  
14     rules as to restricting the supply of pain  
15     medications based on what it's says here, but I'm  
16     not familiar with that.

17     BY MR. MOUGEY:

18            Q.     Yes, ma'am. So, you don't have any  
19     understanding of whether there was a problem at all  
20     in the State of Florida that led the Florida  
21     legislature to change the prescription parameters?

22            A.     My understanding is they changed the  
23     parameters of prescribers dispensing pain  
24     medications as opposed to just writing and

1     dispensing, which they were able to do prior, and

2     I --

3             Q.     Not only -- not only did they change --

4             MS. SWIFT:   Were you done with your answer?

5             THE WITNESS:   Yes, yes.

6     BY MR. MOUGEY:

7             Q.     Not only did you change them -- did

8     they -- I'm sorry.

9                     Not only did the Florida Legislature  
10    change the dispensing or prescription writing  
11    parameters, but they were restricted, correct?

12             MS. SWIFT:   Object to the form.

13    BY THE WITNESS:

14             A.     I don't know if they were restricted.

15    I'm not familiar with this particular restriction  
16    that you're reading.

17    BY MR. MOUGEY:

18             Q.     In July 2011, "Florida law amended to  
19    prohibit practitioners from dispensing C-II and  
20    C-III except in very limited instances."

21                     Correct?

22             A.     That's what it says, yes.

23             Q.     And C-II and III are controlled  
24    substance level II and level III, correct?

1 A. Yes.

2 Q. And those are highly addictive opiates  
3 with some medical use, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I would say that controlled substance  
7 IIs are highly -- higher -- have a higher addiction  
8 potential than controlled III, yes.

9 BY MR. MOUGEY:

10 Q. April 2012, "Administrative Inspection  
11 Warrants were served on six stores and the Jupiter  
12 DC."

13 Do you see that?

14 Next page, page 7.

15 A. Yes.

16 Q. Now, Jupiter DC. What's DC stand for?

17 A. Distribution center.

18 Q. That's Walgreens distribution center,  
19 correct?

20 A. Yes.

21 Q. And that's one of Walgreens' Schedule II  
22 distribution centers, correct?

23 MS. SWIFT: Object to the form.

24 BY THE WITNESS:

1           A.       I don't -- I don't recall at the time if  
2       that was one of Walgreens' Schedule II distribution  
3       centers.

4       BY MR. MOUGEY:

5           Q.       Do you have -- do you recall during your  
6       training of anyone at Walgreens describing to you  
7       the parameters of the inspection warrants on the  
8       six stores in the Jupiter distribution center?

9           MS. SWIFT: Object to the form.

10       BY THE WITNESS:

11          A.       I don't recall.

12       BY MR. MOUGEY:

13          Q.       Do you recall, even sitting here today,  
14       from the time you started back at Walgreens in  
15       January '13 until today, the scope of the DEA  
16       investigation into the six Florida stores and the  
17       Jupiter distribution center?

18          MS. SWIFT: Object to the form.

19       BY THE WITNESS:

20          A.       I don't know the scope of the  
21       investigation.

22       BY MR. MOUGEY:

23          Q.       Do you have any understanding from  
24       starting at Walgreens until today what the scope of

1 the problems were with the six Florida retail  
2 pharmacies?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I have some understanding of the six  
6 stores, yes.

7 BY MR. MOUGEY:

8 Q. What was your understanding of what the  
9 problems were in the six Walgreens stores that  
10 received Administrative Inspection Warrants?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. My understanding was that they dispensed  
14 high volume of oxycodone.

15 BY MR. MOUGEY:

16 Q. And oxycodone is a Schedule II opiate,  
17 correct?

18 A. Yes.

19 Q. And one of the most highly addictive  
20 opiates, correct?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. It is -- it is an addictive opioid  
24 medication, yes.

1 BY MR. MOUGEY:

2 Q. And one of the most highly abused opiate  
3 medications, correct?

4 A. I don't know that to be true.

5 Q. You don't know -- you don't have an  
6 understanding of what opiate prescription were some  
7 of the most highly abused in Florida or even across  
8 the country?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. I think there were other medications as  
12 well that were -- had a potential for addiction,  
13 yes.

14 BY MR. MOUGEY:

15 Q. And so the answer is yes, you have an  
16 understanding. And what was your understanding of  
17 what some of the most highly abused Schedule II and  
18 Schedule III opiate prescriptions were?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. My understanding of highly abused  
22 medications are any of the opioid medications in  
23 the controlled substance II classification.

24 BY MR. MOUGEY:

1 Q. Do you believe that hydrocodone before  
2 it was reclassified as Schedule II was one of the  
3 more frequently abused opiate prescriptions?

4 MS. SWIFT: Object to the form, foundation.

5 BY THE WITNESS:

6 A. That I don't know.

7 BY MR. MOUGEY:

8 Q. I'm confused. I mean, you start in  
9 January of 2013. Overdose deaths for prescriptions  
10 exceed motor vehicles. You've been brought on to  
11 run -- manager in a new department. And that new  
12 department's job was to identify suspicious orders,  
13 correct?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. Yes.

17 BY MR. MOUGEY:

18 Q. And sitting here today, you're not sure  
19 whether or not hydrocodone was one of the more  
20 abused prescription opiates prior to becoming  
21 reclassified as Schedule II?

22 A. I don't know.

23 Q. You don't know?

24 A. No.



1 Q. Wouldn't it be important for you to know  
2 what the most highly abused prescription opiates  
3 were in your job identifying suspicious orders?

4 A. Today?

5 Q. Any point in time. From January 2013  
6 that opiate overdose deaths had now surpassed car  
7 accidents as the leading cause of death.

8 Wouldn't it be important for you to know  
9 in your job identifying suspicious orders what the  
10 most abused opiate prescription medications were?

11 MS. SWIFT: Object to the extent it  
12 mischaracterizes the prior testimony.

13 BY THE WITNESS:

14 A. I think that my job was to identify  
15 suspicious orders. And, yes, I do know that  
16 controlled substance IIs are more addictive, for  
17 example, than controlled IIIs and IVs.

18 I believe that in my job as identifying  
19 suspicious orders and flagged orders, I believe  
20 that my job is to work with our stores to  
21 understand if that order should be considered  
22 suspicious regardless of which C-II it is.

23 BY MR. MOUGEY:

24 Q. Let me make sure we're straight here.

1     So, when I asked you wouldn't it be important for  
2     you in your job identifying suspicious orders what  
3     the most abused opiate prescription medications  
4     were, is your answer no, that they were all  
5     equally?

6             A.     I don't know if I would have liked to  
7     know at the time, if that's what you're asking me.

8             Q.     Sitting here today, do you think it's  
9     important for you to know what opiate prescriptions  
10    were highly problematic -- I'm sorry.

11                    Sitting here today, wouldn't it be  
12    important for you to know which opiate medications,  
13    Schedule II or Schedule III, were the most abused  
14    in fulfilling your job responsibilities at  
15    Walgreens?

16             A.     I believe that I think that it's  
17    important to know which controlled II or III opioid  
18    medications are most abused today, yes, in doing my  
19    job.

20             Q.     At what point in time did you become  
21    aware that it was important to know which  
22    controlled II or III opiate medications are most  
23    abused?

24             MS. SWIFT:   Object to form.

1 BY MR. MOUGEY:

2 Q. When did you come to that conclusion  
3 that you ought to know that?

4 MS. SWIFT: Object to the form of the  
5 question.

6 BY THE WITNESS:

7 A. I think that my understanding of what's  
8 most abused, when we started in Rx Integrity, was  
9 to put together our Target Good Faith Dispensing  
10 process; and we identified three medications in  
11 that process to make sure that our pharmacists were  
12 alerted and following the procedure or the  
13 checklist in the Target Good Faith Dispensing  
14 checklists.

15 BY MR. MOUGEY:

16 Q. And what were those three that were --  
17 that fell under the rubric of the GFD that were  
18 most abused?

19 A. I would say the drugs that we selected,  
20 and, again, I don't know if it was based on that  
21 they were the most abused, were oxycodone,  
22 Methadone and hydromorphone.

23 Q. And do you recall when hydro -- strike  
24 that.

1                   Let's go back to this timeline, May to  
2     June of 2012, a "Relaunch of Good Faith Dispensing  
3     Policy."

4                   Do you know what is being described here  
5     as relaunches?

6           MS. SWIFT:   Objection; foundation.

7     BY THE WITNESS:

8           A.       Since I wasn't there, I don't know  
9     exactly what that means, no.

10    BY MR. MOUGEY:

11           Q.       But in your job training in early '13,  
12    did anyone tell you that GFD had just been  
13    relaunched in May, June of 2012?

14           MS. SWIFT:   Same objection.

15    BY THE WITNESS:

16           A.       Not that I recall.

17    BY MR. MOUGEY:

18           Q.       "November 2012, Order to show cause  
19    issued to three of the original Florida  
20    pharmacies."

21                   Do you see that?

22           A.       Yes.

23           Q.       Let's go back to May and June of 2012.  
24    Were you aware that eight stores voluntarily

1 removed all C-II products, Xanax and Soma?

2 A. No.

3 Q. Sitting here today, did you -- that's  
4 the first time you've heard that?

5 A. Can you repeat the exact question.

6 Q. Yes, ma'am. Sitting here today, were  
7 you aware that eight Walgreen stores had  
8 voluntarily removed all C-II products and Xanax and  
9 Soma?

10 A. That I don't recall.

11 Q. And then where we started, looking at  
12 this document, "The key to note is that this isn't  
13 just a Florida problem."

14 Do you have any understanding of what  
15 that note is describing?

16 MS. SWIFT: Same objections as before.

17 BY THE WITNESS:

18 A. No, I really don't know exactly what  
19 that means.

20 BY MR. MOUGEY:

21 Q. I hand you what I'm marking as Daugherty  
22 5.

23 (WHEREUPON, a certain document was  
24 marked as Walgreens-Daugherty

1 Deposition Exhibit No. 5: 21 USCA  
2 Section 801.)

3 BY MR. MOUGEY:

4 Q. Let's go back to your training  
5 January 2013 when you came on board at  
6 Pharmaceutical Integrity.

7 All of the managers were new within the  
8 last few months into Pharmaceutical Integrity when  
9 you arrived, correct?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. When I arrived, I was the first manager.

13 BY MR. MOUGEY:

14 Q. So, obviously, then the people -- and  
15 you were new, obviously, to Pharmaceutical  
16 Integrity, correct?

17 A. Yes.

18 Q. And the three that followed you,  
19 Mr. Dymon, Mr. -- Mr. Bratton and Mr. Stahmann,  
20 were all new as well, correct, after you?

21 A. Yes.

22 Q. And Ms. Polster was relatively new in  
23 her job role, correct?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. That was my understanding when I  
3 started.

4 BY MR. MOUGEY:

5 Q. Did part of your training include a  
6 description of what the applicable U.S. Code and  
7 Code of Federal Regulations required for suspicious  
8 order monitoring?

9 MS. SWIFT: I'm going to object to the extent  
10 the question calls for privileged information.  
11 Instruct you not to answer if it calls for  
12 information you learned from counsel.

13 BY THE WITNESS:

14 A. I think my understanding was we worked  
15 with our attorneys to interpret that regulation,  
16 yes.

17 BY MR. MOUGEY:

18 Q. So, who was in charge at Walgreens of  
19 training you regarding compliance issues related to  
20 the U.S. Code? Would attorneys come in and train?

21 MS. SWIFT: Same objection. I instruct you  
22 not to disclose any information you learned from  
23 counsel.

24 BY MR. MOUGEY:

1           Q.       I'm simply asking did they train. I  
2       don't want you to divulge any what Ms. Swift  
3       believes is confidential or privileged.

4                   But did attorneys train your group on  
5       what was required under the applicable U.S. Code  
6       regarding suspicious order monitoring?

7           MS. SWIFT: I'm also going to instruct you  
8       that to the extent you learned information that  
9       came from counsel, whether directly or otherwise,  
10      not to divulge it. But you can answer the question  
11      yes or no if you understand it.

12      BY THE WITNESS:

13           A.       No.

14      BY MR. MOUGEY:

15           Q.       So, let me make sure, after the couple  
16      paragraphs of objections there, make sure we are on  
17      the same page.

18                   What I asked was: Did attorneys train  
19      your group on what was required under the  
20      applicable U.S. Code regarding suspicious order  
21      monitoring. Is your answer to that question no?

22           A.       No, I was not trained by attorneys.

23           Q.       Okay. So, we're not treading on any  
24      proprietary ground here about training and attorney



1 input, correct?

2 MS. SWIFT: Object to the form of the  
3 question.

4 BY THE WITNESS:

5 A. I don't know what we're -- what you're  
6 asking. Can you clarify, please.

7 BY MR. MOUGEY:

8 Q. Were attorneys part of your compliance  
9 training in any shape, form or fashion at  
10 Walgreens?

11 MS. SWIFT: Object to the form of the  
12 question. If you know the answer, you can answer  
13 it yes or no.

14 BY THE WITNESS:

15 A. No, I was not trained by attorneys.

16 BY MR. MOUGEY:

17 Q. But what I asked you, were they part of  
18 the training in any shape, form or fashion  
19 regarding compliance with suspicious order  
20 monitoring?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. No.

24 BY MR. MOUGEY:

1           Q.     Are you aware of whether or not  
2     attorneys prepared the material that was used for  
3     training for compliance functions related to  
4     suspicious order monitoring?

5           A.     No.

6           Q.     You're not aware or they weren't?

7           A.     I'm not aware.

8           Q.     Did you have interactions with  
9     attorneys, and, again, I'm not asking you the  
10    content, but did you have interactions with  
11    attorneys about the implementation of Walgreens  
12    program regarding suspicious order monitoring when  
13    you started in '13?

14          A.     When I started in '13 I did not have  
15    that I recall interactions with attorneys in the  
16    beginning, no.

17          Q.     Did there become a point in time when  
18    you did have interactions with lawyers about  
19    Walgreens' suspicious order monitoring policies or  
20    procedures?

21          A.     Honestly, I don't recall. I have had  
22    interactions with attorneys over the course of my  
23    job in Rx Integrity. Specifically around  
24    suspicious order monitoring, there may have been,

1 but I don't know.

2 Q. Now, when you say "attorneys," let me  
3 make sure I'm clear here. I'm not talking about  
4 just outside counsel. I'm referring to Walgreens'  
5 in-house counsel as well.

6 A. Yes.

7 Q. Does that change your answer at all?

8 A. No.

9 Q. That doesn't change your answer to any  
10 of the previous questions about attorneys'  
11 involvement regarding training and compliance with  
12 suspicious order monitoring policies?

13 A. No.

14 Q. Let's start with or continue with  
15 Daugherty 5. This is U.S. Code Section 801. You  
16 have a copy in front of you. It's "Congressional  
17 findings and declarations: controlled substances."

18 Do you see that?

19 A. Yes.

20 Q. And under No. 2, "The illegal  
21 importation, manufacture, distribution, and  
22 possession and improper use of controlled  
23 substances have a substantial and detrimental  
24 effect on the health and general welfare of the

1 American people."

2 Did I read that correctly?

3 A. Yes.

4 Q. Do you agree with that provision in the  
5 U.S. Code?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. I don't know that to be true. I don't  
9 know.

10 MR. MOUGEY: Does the camera angle include  
11 Ms. Swift? No. All right.

12 I would like the record to reflect that  
13 there is a continued head nodding and head shaking  
14 yes and no from Ms. Swift when asking questions,  
15 and it has continued over a series of depositions.

16 And I'd ask that opposing counsel please  
17 stop yes or no's with shaking of their head when  
18 I'm asking questions, which along with the speaking  
19 objections clearly indicates what the counsel wants  
20 the witness to answer.

21 BY MR. MOUGEY:

22 Q. So, let's go back to 2. Do you agree --  
23 let's keep going.

24 If you would, turn the page to the

1 section titled "21 U.S. Code Section 812.  
2 Schedule II."

3 Do you see the "Schedule II" section  
4 below?

5 A. Yes.

6 Q. Okay. "The drug or other substance has  
7 a high potential for abuse."

8 Do you agree with the -- with that  
9 provision of the U.S. Code?

10 MS. SWIFT: Same objection.

11 BY THE WITNESS:

12 A. Yes, I agree.

13 BY MR. MOUGEY:

14 Q. Schedule II (B), "The drug or other  
15 substance has a currently accepted medical use in  
16 treatment in the United States or a currently  
17 accepted medical use with severe restrictions."

18 Do you see that?

19 A. Yes.

20 Q. Do you agree with that provision in the  
21 U.S. Code?

22 MS. SWIFT: Same objection.

23 BY THE WITNESS:

24 A. I don't know that I agree.

1 BY MR. MOUGEY:

2 Q. Schedule II (C), "Abuse of the drug or  
3 other substances may lead to severe psychological  
4 or physical dependence."

5 Did I read that right?

6 A. Yes.

7 Q. Do you agree with that provision of the  
8 U.S. Code?

9 MS. SWIFT: Same objection.

10 BY THE WITNESS:

11 A. Yes.

12 BY MR. MOUGEY:

13 Q. And you'd agree with me that it was  
14 important for you to understand the rubric or the  
15 parameters from the U.S. Code so you could fill  
16 your function as a manager in Walgreens'  
17 Pharmaceutical Integrity Department?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. I would agree that I should be familiar  
21 with the regulations, yes.

22 BY MR. MOUGEY:

23 Q. And if you would, turn to the second  
24 page of this document titled "Section 21 U.S. Code

1 Section 821." It says, "The Attorney General is  
2 authorized to promulgate rules and regulations and  
3 to charge reasonable fees relating to the  
4 registration and control of the manufacture,  
5 distribution and dispensing of controlled  
6 substances and to listed chemicals."

7 Did I read that correctly?

8 A. Yes.

9 Q. And you would agree with me that  
10 Walgreens fills two of the functions listed in  
11 U.S. Code Section 821, correct?

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. Can you be specific, the functions.

15 BY MR. MOUGEY:

16 Q. Sure. You understand that Walgreens is  
17 a distributor, correct?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. Walgreens was a distributor.

21 BY MR. MOUGEY:

22 Q. Yes, ma'am. Walgreens was a distributor  
23 until it got out of the business in 2014, correct?

24 MS. SWIFT: Object to the form, foundation.

1 BY THE WITNESS:

2 A. I don't know if it was 2014, but we did  
3 get out of the business, yes.

4 BY MR. MOUGEY:

5 Q. You do know that Walgreens got out of  
6 the distribution business?

7 A. Yes.

8 Q. So, up and to the point when Walgreens  
9 got out of the distribution business, Walgreens was  
10 a distributor as referenced in Section 821 of the  
11 U.S. Code, correct?

12 MS. SWIFT: Object to the form, foundation.

13 BY THE WITNESS:

14 A. When I started in my position, I knew  
15 that Walgreens had distribution centers that were  
16 fulfilling controlled substance orders.

17 BY MR. MOUGEY:

18 Q. Do you recall when you started at  
19 Walgreens in 2013 how many distribution centers at  
20 Walgreens were distributing Schedule II opiates?

21 MS. SWIFT: Object to the form, foundation.

22 BY THE WITNESS:

23 A. Honestly, I don't know exactly how many.

24 BY MR. MOUGEY:



1 Q. You don't know. Walgreens was also a  
2 retail pharmacy, correct?

3 A. Yes.

4 Q. And this reference in Section 821 to  
5 dispensing, do you have an understanding of what is  
6 referenced by the word "dispensing"?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. My understanding of dispensing is  
10 filling controlled substances in the pharmacy, yes.

11 BY MR. MOUGEY:

12 Q. Like a pharmacy, right? Dispensing?

13 A. That's my understanding.

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. But, again, I'm not interpreting rules  
17 and regulations. I would probably work with our  
18 attorneys to interpret that, yeah.

19 BY MR. MOUGEY:

20 Q. I hand you what I've marked as --

21 THE VIDEOGRAPHER: Can we go off the record  
22 for one minute?

23 MR. MOUGEY: Sure.

24 THE VIDEOGRAPHER: We are going off the record

1 at 11:00 a.m.

2 (WHEREUPON, a recess was had  
3 from 11:00 to 11:02 a.m.)

4 THE VIDEOGRAPHER: We're back on the record at  
5 11:02.

6 BY MR. MOUGEY:

7 Q. Before we leave Daugherty 5, if you  
8 would please look at the bottom of each one of  
9 these sections and there is a date, October 27,  
10 1970. You can go back to the very first page.

11 21 U.S.C. Section 801, the provision  
12 that references that "controlled substances have a  
13 substantial and detrimental effect on the health  
14 and general welfare of the American people." And  
15 that's dated October 27, 1970, correct?

16 A. Yes.

17 Q. And in your education and role as a  
18 pharmacist, you were aware about the substantial  
19 and detrimental effect of opiate prescriptions on  
20 the American public, correct?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. I was aware that controlled substances  
24 as a pharmacist were regulated and that there was

1 specific requirements in writing a prescription for  
2 a controlled substance and that pharmacists have to  
3 use their corresponding responsibility when  
4 deciding to dispense a controlled substance  
5 prescription, yes.

6 BY MR. MOUGEY:

7 Q. And did you have an understanding that  
8 they were also highly addictive?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. Yes. I -- I understand that controlled  
12 substances can be addictive.

13 BY MR. MOUGEY:

14 Q. And did you have an understanding that  
15 controlled substances have a substantial and  
16 detrimental effect on the health and general  
17 welfare of the American people if they were abused?

18 A. If a person was abusing a controlled  
19 substance, I can say that yes, there may be a  
20 detrimental effect to their health.

21 Q. And, so, this wasn't new news that there  
22 was a substantial and detrimental effect on the  
23 health and general welfare of the American people.  
24 In fact, it's referenced in the U.S. Code in 1970

1 as indicated herein, correct?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. I see that it's referenced here, yes.

5 BY MR. MOUGEY:

6 Q. You went to pharmacy school at, is it  
7 Mideastern?

8 A. Midwestern.

9 Q. Midwestern and you finished your PharmD  
10 in 1999, correct?

11 A. I believe it was 2000, but yes.

12 Q. '99, 2000?

13 A. Yeah.

14 Q. Somewhere. You had spent -- how many  
15 years does it take you in undergrad and pharmacy  
16 all the way to finish your PharmD, how many years  
17 of education?

18 A. How many years did it take me?

19 Q. Yes, ma'am.

20 A. So, roughly three years undergrad and  
21 four years pharmacy school.

22 Q. So, approximately seven years of  
23 education in the field of pharmacy or pharmacist,  
24 rather, you had an understanding that, one,

1 controlled substances were potentially highly  
2 addictive, correct?

3 A. Yes.

4 Q. You had an understanding based on your  
5 seven years of education that prescription opiates  
6 potentially could have a substantial and  
7 detrimental effect on the health and general  
8 welfare of the American people?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. I would say that I had an understanding  
12 that someone who's become addicted to a controlled  
13 substance, that it would definitely have a bad  
14 effect on their health, yes.

15 BY MR. MOUGEY:

16 Q. And when you were brought into  
17 Pharmaceutical Integrity in 2013, you have an  
18 understanding that your department's role was to  
19 identify potential suspicious orders, correct?

20 A. Yes.

21 Q. In part. And the goal of identifying  
22 potential suspicious orders was to minimize or  
23 prevent the diversion of prescription opiates into  
24 the American public, correct?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. My understanding was that our role was  
4 to ensure that any flagged orders were reported as  
5 suspicious.

6 Q. And the goal or objective of flagging  
7 those orders as suspicious was to try and prevent  
8 or minimize the amount of prescription opiates into  
9 the American public, correct?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. My understanding was that we were to  
13 review flagged orders and report suspicious orders  
14 because that was part of the law; and in talking to  
15 our attorneys, that's what we were --

16 MS. SWIFT: Object. I'm just going to  
17 interpret you and instruct you not to disclose  
18 anything that you learned from attorneys.

19 BY MR. MOUGEY:

20 Q. In talking to attorneys, that that  
21 helped you understand what the compliance functions  
22 were?

23 MS. SWIFT: Same objection.

24 BY THE WITNESS:

1           A.       In talking to attorneys, it helped me  
2 understand what we were required to do.

3 BY MR. MOUGEY:

4           Q.       And I understand that you were required  
5 to identify and spot suspicious orders and report  
6 them, but what I'm trying to get to is what's your  
7 understanding of what the objective. What was the  
8 goal of identifying or spotting those suspicious  
9 orders and reporting them?

10           MS. SWIFT: Object to the form, foundation.

11 BY THE WITNESS:

12           A.       The goal was to follow the law is my  
13 understanding.

14 BY MR. MOUGEY:

15           Q.       But what was the -- what was the goal or  
16 objective of the law? What was -- what were you  
17 trying to do in Pharmaceutical Integrity when you  
18 started in 2013?

19           MS. SWIFT: Object to the form. To the extent  
20 it calls for privileged information, I'll instruct  
21 you not to answer. I'm not sure that it does, but  
22 if it does, I'll instruct you not to answer.

23 BY THE WITNESS:

24           A.       I don't know the goal of the law.

1 BY MR. MOUGEY:

2 Q. What was the goal of the department,  
3 just to spot the orders?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. The department was tasked as part of  
7 their job to flag orders and then report them as  
8 suspicious if they were in fact suspicious.

9 BY MR. MOUGEY:

10 Q. I hand you what will be marked as  
11 Daugherty 6.

12 (WHEREUPON, a certain document was  
13 marked as Walgreens-Daugherty  
14 Deposition Exhibit No. 6:  
15 Document, Chapter II - Drug  
16 Enforcement Administration,  
17 Department of Justice; P-GEN-0064.)

18 BY MR. MOUGEY:

19 Q. Very first page of Daugherty 6 is titled  
20 "Chapter II - Drug Enforcement Administration,  
21 Department of Justice."

22 Do you see that?

23 A. Yeah. Yes.

24 Q. And I'd like just to direct your



1 attention to a couple of pages in this.

2 MS. SWIFT: Just for the record, because there  
3 is no Bates number on -- or is this a Bates number  
4 at the top right, Peter, for identification  
5 purposes?

6 MR. MOUGEY: I don't believe so. Let me just  
7 use the -- let me just use the page numbers if it's  
8 okay, because there is not a Bates number. Let's  
9 use 29. If you want to read the upper right-hand.

10 MS. SWIFT: Just for identification purposes  
11 on the first page it says P-GEN-0064. I don't know  
12 if that's "Plaintiff Generic" through -- well,  
13 every page appears to have the same identifier.  
14 There is no Bates number on the document.

15 MR. MOUGEY: Or we can just refer to it as  
16 Daugherty 6.

17 BY MR. MOUGEY:

18 Q. So, Daugherty 6. Section 1301.36. It's  
19 on page 29 of this document. And it's Section --  
20 it's on the right-hand column. 1301.36.

21 Do you see that where I am?

22 A. Yes.

23 Q. Okay. And that section is entitled  
24 "Suspension or revocation of registration;

1 suspension of registration pending final order;  
2 extension of registration pending final order."

3 Are we in the same place?

4 A. Yes.

5 Q. If you would go down, please, to  
6 Section (e), begins with "The Administrator."  
7 Bottom of the right-hand page. Right-hand column,  
8 rather.

9 A. Yes.

10 Q. "The Administrator may suspend any  
11 registration simultaneously with or at any time  
12 subsequent to the serving upon the registrant of an  
13 order to show cause why such registration should  
14 not be revoked or suspended, in any case where he  
15 or she finds that there is an imminent danger to  
16 the public health or safety."

17 Do you see that?

18 A. Yes.

19 Q. So, when you began at Walgreens in  
20 January '13, did you have an understanding that  
21 Walgreens had received any orders to show cause or  
22 immediate suspensions from the DEA?

23 MS. SWIFT: Object to the form, foundation.

24 BY THE WITNESS:

1           A.       When I began at Walgreens, I did not  
2   have any understanding.

3   BY MR. MOUGEY:

4           Q.       Let's broaden that up.

5                   Did you understand when you began at  
6   Walgreens that Walgreens was under investigation by  
7   the regulators regarding its dispensing and  
8   distribution of controlled substances?

9           MS. SWIFT: Object to the form, vague.

10   BY THE WITNESS:

11           A.       I had knowledge when I began at  
12   Walgreens that the DEA had gone in and visited  
13   select stores in Florida in our pharmacies, yes.

14   BY MR. MOUGEY:

15           Q.       And when you say "visited," you mean  
16   like had donuts or they were investigating the  
17   retail pharmacies where Walgreens dispensed  
18   Schedule II and III narcotics?

19           MS. SWIFT: Object to the form. Did you say  
20   "had donuts"?

21           MR. MOUGEY: I did.

22   BY MR. MOUGEY:

23           Q.       What do you mean by visited?

24           A.       My understanding was that they were

1 audits of our pharmacies.

2 Q. They were audits. They were  
3 investigating. Do you agree with that?

4 MS. SWIFT: Object to the form, foundation.

5 BY THE WITNESS:

6 A. I don't know if they were investigating,  
7 but at the time my understanding was that they were  
8 audits.

9 BY MR. MOUGEY:

10 Q. Do you recall in the first half of 2013  
11 anyone from Walgreens showing you documents that  
12 had been served upon Walgreens by the Department of  
13 Justice?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. In 2013?

17 BY MR. MOUGEY:

18 Q. Yes.

19 A. I don't recall.

20 Q. Do you have an understanding in the  
21 beginning of 2013 the scope of the investigation  
22 into Walgreens?

23 MS. SWIFT: Object to the form.

24 BY THE WITNESS:

1           A.       No.

2       BY MR. MOUGEY:

3           Q.       Did you have an understanding in the  
4       beginning of 2013 that the Department of Justice  
5       and the DEA were moving to suspend Walgreens'  
6       registration because it was in imminent danger to  
7       the public's health or safety?

8           MS. SWIFT:   Object to the form, assumes facts.

9       BY THE WITNESS:

10          A.       No, I did not know.

11       BY MR. MOUGEY:

12          Q.       Did you have an understanding of what  
13       the scope of the audits was into Walgreens from the  
14       DEA?

15          MS. SWIFT:   Object to the form.

16       BY THE WITNESS:

17          A.       My understanding of the scope of the  
18       audits or visits from the DEA were to investigate  
19       the dispensing of oxycodone, as I mentioned before.

20       BY MR. MOUGEY:

21          Q.       Do you have an understanding of whether  
22       or not the audits pertained in any way to the  
23       distribution of Schedule II or Schedule III  
24       narcotics?

1 MS. SWIFT: Object to the form, foundation.

2 BY THE WITNESS:

3 A. Did I understand in 2013? No.

4 BY MR. MOUGEY:

5 Q. Let's continue with the next sentence.

6 It says, "If the Administrator so suspends, he or  
7 she shall serve with the order to show cause  
8 pursuant to Section 1301.37 an order of immediate  
9 suspension which shall contain a statement of his  
10 findings regarding the danger to public health or  
11 safety."

12 Do you see that?

13 A. Yes.

14 Q. Do you have an understanding of whether  
15 or not Walgreens in late 2012, early 2013 had  
16 received an order to show cause because there was a  
17 finding regarding the danger to public health or  
18 safety?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. In 2013, I did not, no.

22 BY MR. MOUGEY:

23 Q. When did you become aware that there was  
24 an order to show cause or any regulatory orders

1 from the DEA or the Department of Justice regarding  
2 Walgreens' conduct?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I don't recall.

6 BY MR. MOUGEY:

7 Q. Do you recall if it was in 2013 at all?

8 A. I don't recall.

9 Q. Do you -- would you agree with me that  
10 if Walgreens received orders from the Department of  
11 Justice or the DEA that there be an immediate  
12 suspension that contained a statement regarding the  
13 danger to public health or safety, that that is a  
14 significant issue at Walgreens?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. Can you repeat that.

18 BY MR. MOUGEY:

19 Q. Would you agree that if Walgreens  
20 received an order to show cause requiring immediate  
21 suspension that contained statements about findings  
22 regarding the danger to public health or safety,  
23 that that is a significant issue at Walgreens?

24 MS. SWIFT: Same objection.

1 BY THE WITNESS:

2 A. I don't know. I don't know all -- I  
3 don't know all the facts and what the order to show  
4 cause entailed. I don't know.

5 BY MR. MOUGEY:

6 Q. I mean, as manager of Pharmaceutical  
7 Integrity, aren't you kind of in the fact business?  
8 I mean, isn't your job to find out facts regarding  
9 suspicious orders?

10 MS. SWIFT: Object to form.

11 BY THE WITNESS:

12 A. My job is to find out facts regarding  
13 suspicious orders and identify them and report  
14 them, yes.

15 BY MR. MOUGEY:

16 Q. This is now the leading cause of death  
17 as of 2013 in the United States when you start,  
18 correct?

19 MS. SWIFT: Object to the form, foundation.

20 BY THE WITNESS:

21 A. I don't recall if it was the leading  
22 cause of death when I started.

23 BY MR. MOUGEY:

24 Q. And if Walgreens is receiving orders



1 from the regulators that contain findings regarding  
2 the danger to public health or safety, wouldn't you  
3 expect Walgreens to fully update you on what the  
4 problems were in those locations?

5 A. I again became aware of it. I just  
6 don't recall when I became aware of it. Early in  
7 2013, for example, I was not aware of it.

8 Q. And at any point in time you can't  
9 recall in 2013 when anyone from Walgreens came and  
10 updated you on the problems with Walgreens  
11 distribution centers regarding the danger to public  
12 health or safety?

13 MS. SWIFT: Object to the form of the  
14 question.

15 BY THE WITNESS:

16 A. I may have been aware of any -- some  
17 sort of order to show cause in our DCs in 2013. I  
18 just can't recall when it was, in 2013 or 2014. I  
19 don't remember.

20 BY MR. MOUGEY:

21 Q. Are you aware that the Jupiter  
22 distribution center Schedule II facilities were  
23 padlocked by the DEA?

24 MS. SWIFT: Object to the form, assumes facts.

1 BY THE WITNESS:

2 A. No.

3 BY MR. MOUGEY:

4 Q. Were you -- if I were to use the word  
5 "cage" in a distribution center, does that make  
6 sense to you?

7 A. Yes.

8 Q. Schedule II and Schedule III narcotics  
9 along with others are stored in that cage, correct?

10 A. As far as I know, yes.

11 Q. Do you -- are you aware that the DEA put  
12 a lock on Walgreens' -- one of Walgreens'  
13 distribution centers, locking up their Schedule II  
14 and Schedule III narcotics?

15 A. No.

16 Q. No one ever has told you that?

17 A. Not that I recall, no.

18 Q. Wouldn't that be information that would  
19 be important for you to know in your job, that one  
20 of Walgreens' Schedule II and Schedule III cages  
21 had been locked by the DEA shortly before your  
22 arrival?

23 MS. SWIFT: Object to the form of the  
24 question.

1 BY THE WITNESS:

2 A. When I first started in Rx Integrity, my  
3 role was to again identify flagged orders and  
4 report suspicious orders according to the law as a  
5 variety of other things, reporting 106s, and,  
6 again, maintaining our Good Faith Dispensing  
7 policy.

8 I don't know if I would have liked to  
9 know at the time as it didn't have direct impact on  
10 my job and basically training our team back in  
11 2013.

12 BY MR. MOUGEY:

13 Q. And you would agree with me that the  
14 role of Pharmaceutical Integrity was to identify  
15 and spot suspicious orders, correct?

16 A. Yes.

17 Q. Pardon me?

18 A. Yes.

19 Q. Would you agree with me that Walgreens  
20 was required to perform due diligence on those  
21 suspicious orders?

22 MS. SWIFT: Object to form.

23 BY THE WITNESS:

24 A. Can you be more specific?

1 BY MR. MOUGEY:

2 Q. Do you understand when I use the word  
3 "due diligence" what that means?

4 A. Can you explain what you mean by your  
5 question.

6 Q. I'm asking you. Do you understand when  
7 I use the words "due diligence" what's that mean?

8 A. My understanding is that in  
9 Rx Integrity, we were tasked to identify flagged  
10 orders and report suspicious orders, yes.

11 Q. I hand you what I'm marking as  
12 Exhibit 7, Daugherty Exhibit 7.

13 (WHEREUPON, a certain document was  
14 marked as Walgreens-Daugherty  
15 Deposition Exhibit No. 7: Masters  
16 Pharmaceutical v. DEA, U.S. Court  
17 of Appeals, 861 F3d 206.)

18 BY MR. MOUGEY:

19 Q. Very first page of Daugherty Exhibit 7,  
20 Masters Pharmaceutical vs. The DEA.

21 Do you see that?

22 A. Yeah, yes.

23 Q. Bear with me one second, Ms. Daugherty,  
24 while we catch up with the electronics.

1 I'm going to, while we're looking, I'm  
2 going to take your attention to -- the copy is  
3 light. So, I'm on -- turn to the fourth page in  
4 and it has a number 1 on the right-hand column that  
5 starts with "The Controlled Substance Act." Let me  
6 know when you're there. Fourth page in.

7 A. Double-sided fourth page?

8 Q. No, just the fourth page.

9 A. Okay.

10 Q. It begins with number 1, "The Controlled  
11 Substance Act." Are we on the same page?

12 A. Yes.

13 Q. Let's go through this.

14 In the middle of that paragraph under 1,  
15 do you see the sentence that begins with "In  
16 evaluating"?

17 A. Yes.

18 Q. Here we go. I'm going to read the  
19 sentence in the middle of the paragraph under 1, it  
20 says, "In evaluating a distributor's operations,  
21 the Administrator considers (1) whether the  
22 distributor has maintained 'effective controls  
23 against diversions of particular controlled  
24 substances into other than legitimate medical,

1 scientific and industrial channels.'"

2 Correct? Do you see that?

3 A. I see it.

4 Q. Did I read that correctly?

5 A. Yes.

6 Q. And then No. 2, "whether the distributor  
7 has complied with the applicable state and local  
8 laws."

9 Did I read that right?

10 A. Yes.

11 Q. And then No. 3, "whether the distributor  
12 has previously been convicted under federal or  
13 state laws for a crime related to the sale of  
14 controlled substances; (4), the distributor's past  
15 experience with controlled substances; and, (5)  
16 such other factors as may be relevant to and  
17 consistent with the public health and safety."

18 Did I read that right?

19 A. Yes.

20 Q. Let's continue under Section 2 below.

21 "Where, as here, the Administrator  
22 considers the first factor - the maintenance of  
23 'effective controls' against the diversion of  
24 controlled substances."

1                   Do you believe when you started in  
2     January of '13 that Walgreens maintained effective  
3     controls against the diversion of controlled  
4     substances?

5           MS. SWIFT: Object to the form, calls for a  
6     legal conclusion.

7     BY THE WITNESS:

8           A.     I can't interpret that as this is -- I  
9     would defer to our legal counsel to advise.

10    BY MR. MOUGEY:

11           Q.     But you were hired as a manager in  
12    Pharmaceutical Integrity, correct?

13           A.     Yes.

14           Q.     And you were in charge of, as one of the  
15    four managers, implementing Walgreens' system to  
16    identify suspicious orders, correct?

17           A.     Correct.

18           Q.     And do you believe that the system you  
19    were charged with implementing was an effective  
20    control against the diversion of controlled  
21    substances when you started in January of 2013?

22           MS. SWIFT: Object to the form.

23    BY THE WITNESS:

24           A.     My understanding of my role back in 2013

1 was to review flagged orders, train our team and  
2 report suspicious orders.

3 BY MR. MOUGEY:

4 Q. And do you believe that the controls  
5 used to identify suspicious orders was effective --

6 MS. SWIFT: Object to the form.

7 BY MR. MOUGEY:

8 Q. -- when you started in 2013?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. I don't know. My understanding of my  
12 role was to identify flagged orders.

13 BY MR. MOUGEY:

14 Q. Do you --

15 A. And report suspicious orders.

16 Q. Do you have an understanding in the  
17 beginning of 2013 how suspicious orders were  
18 flagged?

19 A. When I first started in 2013, I had an  
20 understanding that they were flagged based on  
21 specific criteria, but I was not familiar with the  
22 criteria when I first started.

23 Q. When did you become aware of what the  
24 specific criteria was of how suspicious orders were



1     flagged?

2           A.     Probably within the first two or three  
3     months.

4           Q.     First two or three months. So, were you  
5     responsible for reviewing those suspicious orders  
6     in the first two or three months?

7           A.     I was being trained.

8           Q.     Were you responsible as manager of the  
9     Midwest Division for reviewing suspicious orders  
10    those first two or three months?

11          A.     I don't remember.

12          Q.     You don't recall. You don't recall the  
13    first two or three months at your job of whether or  
14    not you were getting sent or forwarded suspicious  
15    orders?

16          A.     Oh, yes, but I was also being trained at  
17    the time with another team member.

18          Q.     Who else was training alongside with  
19    you?

20          A.     Steve Mills.

21          Q.     And who was training the two of you?

22          A.     Steve was training me.

23          Q.     Steve was training you. And how long  
24    had Steve been in a role at Walgreens of

1 identifying suspicious orders when he started  
2 training you?

3 MS. SWIFT: Object to the form, foundation.

4 BY THE WITNESS:

5 A. I don't know. I think he started at the  
6 end of 2012.

7 BY MR. MOUGEY:

8 Q. So, a month or two before you?

9 MS. SWIFT: Same objection.

10 BY THE WITNESS:

11 A. I don't know exactly when he started.

12 BY MR. MOUGEY:

13 Q. Walk me through your first few months on  
14 the job at Walgreens. Would you get suspicious  
15 orders via e-mail?

16 A. Flagged orders via e-mail.

17 Q. Flagged orders. And you're  
18 differentiating between a flagged order and a  
19 suspicious order?

20 A. Yes.

21 Q. So, the flagged orders you received,  
22 what were you charged with doing on those flagged  
23 orders?

24 A. I was charged with reviewing them and

1     then working with the store, if needed, to  
2     understand if we needed to report that as a  
3     suspicious order or if it was a -- it was not  
4     considered suspicious.

5           Q.     So, when you say "working with the  
6     store," what did that mean?

7           A.     Calling the store at the time.

8           Q.     And who would you speak to when you  
9     called the store?

10          A.     Typically the pharmacy manager.

11          Q.     How many Walgreens were in your  
12     geographic region, the Midwest region,  
13     approximately in the beginning of 2013?

14          A.     Honestly, I don't recall.

15          Q.     Do you have any understanding of how  
16     many were in your scope of review for suspicious  
17     orders?

18          A.     I don't remember.

19          Q.     Thousands?

20          MS. SWIFT:   Object to the form.

21     BY MR. MOUGEY:

22          Q.     Would you agree there were thousands?

23          MS. SWIFT:   Object to the form.

24     BY THE WITNESS:

1           A.       I don't remember exactly.

2       BY MR. MOUGEY:

3           Q.       Do you recall if there were five or were  
4       there 2,000?

5           MS. SWIFT:   Object to the form.

6       BY THE WITNESS:

7           A.       I think there were more than 1,000, yes.

8       BY MR. MOUGEY:

9           Q.       There were more than 1,000?

10          A.       Yes.

11          Q.       That were under your review and  
12       responsibility to identify suspicious orders?

13          A.       Correct.

14          Q.       And how would those -- how would the  
15       orders that had been flagged come to you via e-mail  
16       when you sat down at your desk?

17          A.       My understanding was they were --  
18       honestly, I don't remember.

19          Q.       How often did they come to you?

20          A.       All throughout the day.

21          Q.       And as they came in, you'd pick up the  
22       phone and call the -- the retail store?

23          A.       Yes, I could call the retail store.

24          Q.       You could, but you didn't --

1 A. Yes.

2 Q. -- necessarily?

3 A. I don't think I did in every case.

4 Q. Did you have any metrics to decide when  
5 to call and when not to call in the beginning of  
6 2013?

7 A. I don't remember.

8 Q. Do you have any criteria of what you  
9 used to determine what was suspicious and what  
10 wasn't suspicious based on the information you were  
11 given?

12 A. At the time I don't remember.

13 Q. You don't remember. Do you have any  
14 idea of the methodology used of to determine what  
15 was suspicious and what wasn't suspicious?

16 A. No, I don't remember.

17 Q. Do you recall what you asked the  
18 pharmacist in the beginning of 2013 to -- in order  
19 to decide whether the order was suspicious or not  
20 suspicious?

21 A. No, I don't remember.

22 Q. So, you would just call the pharmacist  
23 and you don't have any recollection of what type of  
24 information you would discuss with the pharmacist?

1 MS. SWIFT: Object to the form,  
2 mischaracterizes the testimony.

3 BY THE WITNESS:

4 A. I don't remember in the beginning when I  
5 started and was trained what the process was  
6 exactly.

7 BY MR. MOUGEY:

8 Q. I'm not asking you --

9 A. No. I don't remember.

10 Q. Generally, do you recall what type of  
11 information you were trying to gather from the  
12 pharmacist to determine whether or not an order was  
13 suspicious?

14 A. Back in the beginning of 2013, I  
15 honestly don't recall in that first month or two.

16 Q. How about the first several months, do  
17 you recall what the process was?

**REDACTED**

1 to be filled, then I would not flag that as a  
2 suspicious order.

3 Q. Up and to the automated tool that came  
4 from Walgreens, what -- what criteria were you  
5 discussing with the pharmacy to determine whether  
6 or not an order was suspicious?

7 A. So, if I had to speak to a pharmacist,  
8 and, again, I don't remember an exact incident, but  
9 I would call the pharmacy and I would ask them to  
10 provide additional information as to why they  
11 needed the additional product, whether it was an  
12 extra two bottles to explain to me why they needed  
13 the product, whether it was a prescription or a  
14 couple prescriptions that they needed to fill for  
15 their regular patients. That was the general  
16 course of my conversations with the pharmacist.

17 Q. Did you have a checklist or a manual or  
18 some policy that you used to go through to  
19 determine what was suspicious and what wasn't?

20 A. Not that I recall.

21 Q. You don't recall any criteria that you  
22 used, notes, policies, manuals, to determine  
23 whether or not an order was suspicious until the  
24 automated tool?

1           A.       Like a manual?

2           Q.       Anything. Smoke signals, anything to  
3 determine what was an order was suspicious and what  
4 wasn't up until the automated tool?

5           A.       I may have used notes in the course of  
6 being trained to identify what would be considered  
7 a suspicious order, my notes, yes.

8           Q.       Did you have a training package that you  
9 received?

10          MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12          A.       I received various training and policies  
13 to review, yes. But I don't know that it was all  
14 in one package.

15 BY MR. MOUGEY:

16          Q.       Was it online where you would click and  
17 review certain policies or procedures?

18          A.       That was part of my training, to receive  
19 online policies and procedures, yes.

20          Q.       But you didn't receive a packet of  
21 information, whether it be online or  
22 electronically, that you could refer to for  
23 criteria before the automated system to identify  
24 suspicious orders?



1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. Not that I recall.

4 BY MR. MOUGEY:

5 Q. If you had a question regarding whether  
6 an order was suspicious or not, who did you go to?

7 A. Probably varied depending on my  
8 question.

9 Q. Why don't you give me kind of the scope  
10 of people that you would go to with questions and  
11 why you would go to them?

12 A. I would probably work with either Steve  
13 or one of the other managers, Eric, Steve -- Eric,  
14 Ed or Chris.

15 Q. And were they able to respond to your  
16 inquiries regarding whether or not an order was  
17 suspicious?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. I don't recall any specific example. We  
21 would work together to determine that.

22 BY MR. MOUGEY:

23 Q. I'm not asking you to remember  
24 specifics. I'm very general. I'm not asking you

1 about Susie's prescription in Topeka, Kansas.

2 I'm asking you generally why would you  
3 go to separate people and ask them questions? Was  
4 it a difference in scope of responsibility?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I would not go to separate people. I  
8 think depending on what I was reviewing again, too,  
9 we had different areas. So, if I was reviewing an  
10 area that happened to be Eric's, I would probably  
11 go to Eric and talk to him first, if I had a  
12 question.

13 BY MR. MOUGEY:

14 Q. Did you also go to in-house legal  
15 department with questions?

16 MS. SWIFT: Object to the form to the extent  
17 it calls for privileged information.

18 BY THE WITNESS:

19 A. For what?

20 BY MR. MOUGEY:

21 Q. For any questions regarding the  
22 implementation of whether the criteria of whether  
23 or not an order was suspicious.

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. Not that I recall.

3 MS. SWIFT: Calls for privileged information.

4 You can answer it yes or no.

5 BY THE WITNESS:

6 A. No.

7 BY MR. MOUGEY:

8 Q. You never went to in-house counsel and  
9 asked for any interpretation of whether or not an  
10 order was suspicious?

11 MS. SWIFT: I'm going to instruct the witness  
12 not to answer the question. It calls for  
13 privileged information.

14 BY MR. MOUGEY:

15 Q. Did you go to in-house counsel and ask  
16 for any interpretations on compliance regarding  
17 suspicious orders?

18 MS. SWIFT: Same instruction. Please don't  
19 answer the question.

20 MR. MOUGEY: Whether or not she went -- I'm  
21 not asking for what was told. I'm not asking for  
22 the specifics of what she's asked. All I asked was  
23 did you go to in-house counsel for advice or input  
24 on whether or not an order was suspicious.

1 MS. SWIFT: It's too close, Peter. I'm  
2 instructing her not to answer the question.

3 BY MR. MOUGEY:

4 Q. Did you go to in-house counsel asking  
5 for input on compliance issues?

6 MS. SWIFT: You've already covered this  
7 earlier in a yes-or-no fashion. I'm going to  
8 instruct her not to answer any further questions on  
9 this. It's privileged.

10 MR. MOUGEY: You're instructing her not to  
11 answer whether or not she went to in-house counsel  
12 asking for compliance issues.

13 MS. SWIFT: You've already covered it and she  
14 answered yes or no. Let's move on.

15 MR. MOUGEY: You're instructing the witness  
16 not to answer my question of whether or not she  
17 went to in-house counsel asking for input on  
18 compliance issues.

19 MS. SWIFT: You can answer it yes or no.  
20 That's it. If you remember.

21 BY THE WITNESS:

22 A. I have to ask what you mean by  
23 compliance. I don't know what you mean. Can you  
24 give me an example?

1 BY MR. MOUGEY:

2 Q. Go back to your very first -- the very  
3 first exhibit, No. 1.

4 Do you see the word "compliance" used  
5 repeatedly in your bio?

6 A. Yes.

7 Q. How many times -- it's used several  
8 times, correct?

9 A. Yes.

10 Q. "Decade of experience in pharmacy  
11 compliance programs."

12 Do you see that in the middle of the  
13 page?

14 A. No. Where are you referring to?

15 MS. SWIFT: He is looking at a different  
16 document, Patty.

17 BY THE WITNESS:

18 A. I don't know where you're referring to.

19 MS. SWIFT: He's on your LinkedIn. It's a  
20 totally different document.

21 BY MR. MOUGEY:

22 Q. Very first.

23 A. Oh, got it.

24 Q. Got it? Right in the middle of the

1 page. It says, "Decade of experience."

2 A. I see that.

3 Q. Follow me? It says, "Decade of  
4 experience," very last part of that sentence is  
5 "pharmacy compliance programs." Correct?

6 MS. SWIFT: Read the whole sentence if you  
7 need to.

8 BY THE WITNESS:

9 A. Yes, I see that.

10 BY MR. MOUGEY:

11 Q. Compliance. You understand what the  
12 word "compliance" means, correct?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. Yes.

16 BY MR. MOUGEY:

17 Q. So, when I asked if you went to in-house  
18 counsel and asked for input regarding compliance  
19 issues, do you recall seeking any input from  
20 in-house counsel of Walgreens on compliance  
21 functions?

22 MS. SWIFT: Object to the form, vague. You  
23 can answer yes or no.

24 BY THE WITNESS:

1           A.       So, my role also involved various  
2       compliance with state requirements related to 106.  
3       So, yes.

4       BY MR. MOUGEY:

5           Q.       The only time you went to in-house  
6       counsel for input on compliance functions was in  
7       regard to 106?

8           MS. SWIFT: Object to the form. Again, it's a  
9       yes-or-no question and I'll instruct you not to  
10      divulge privileged information you received from  
11      attorneys.

12      BY THE WITNESS:

13           A.       As far as I recall, I don't know.

14      BY MR. MOUGEY:

15           Q.       So, as issues arose with the Walgreens  
16      controls against diversion, outside of your group,  
17      who would you go and talk to?

18           MS. SWIFT: Object to the form.

19      BY THE WITNESS:

20           A.       Around my role for my particular job I  
21      only spoke to people in my group and my boss  
22      primarily, and we worked with other teams depending  
23      on the scope of the program. If we were working on  
24      the enhancement and/or an update for our tool, our

1 CSO KPI, I would work with IT in that instance.

2 BY MR. MOUGEY:

3 Q. Did you go to whoever was running the  
4 suspicious order review group -- before  
5 Pharmaceutical Integrity, did you ever find out who  
6 that person was prior to 2013?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. I don't know who it is or who it was,  
10 what area.

11 BY MR. MOUGEY:

12 Q. Did you go to Ms. Polster and say, "Who  
13 was running this before I got here? Let's go ask  
14 them some of these questions"?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. No.

18 BY MR. MOUGEY:

19 Q. It didn't ever -- in your decade of  
20 experience at this point in time as a pharmacist, a  
21 clinical technician, compliance, it never dawned on  
22 you to say, "I've got all these people that are new  
23 and a new department. Where is the department that  
24 was running this before me"? Did you ever go to



1     them?

2           A.     Not that I recall.

3           Q.     Did you ever ask for all the old, the  
4     previous department's, all of their training  
5     materials and what they were doing before you got  
6     there?

7           A.     Not that I recall.

8           Q.     Do you recall being given any material  
9     regarding identification of suspicious orders prior  
10    to the creation of the Pharmaceutical Integrity  
11    Department?

12          A.     No, I don't recall.

13          Q.     Do you recall any process when you first  
14    got there of Pharmaceutical Integrity Department  
15    going around and collecting, you know, documents  
16    with policies and procedures regarding  
17    identification of suspicious orders?

18          A.     Can you repeat that.

19          Q.     Do you remember any effort from your  
20    group going to other departments collecting  
21    documents, providing the criteria used to identify  
22    suspicious orders prior to the creation of  
23    Pharmaceutical Integrity?

24          A.     No.

1           Q.     Did you remember any effort to go review  
2     the group before Pharmaceutical Integrity  
3     Department, their policies and procedures about  
4     identifying suspicious orders or contacting  
5     pharmacies about the criteria of whether an order  
6     was suspicious?

7           MS. SWIFT:   Object to the form.

8     BY THE WITNESS:

9           A.     Can you repeat the beginning part of  
10    your question?

11    BY MR. MOUGEY:

12           Q.     Did you ever -- do you recall reviewing  
13    any prior department's material on criteria used to  
14    identify suspicious orders?

15           MS. SWIFT:   Object to the form.

16    BY THE WITNESS:

17           A.     No.

18    BY MR. MOUGEY:

19           Q.     Do you know if anyone was monitoring  
20    suspicious orders before Pharmaceutical Integrity  
21    Department?

22           A.     Back in 2013?

23           Q.     Before you got there, yes.

24           A.     No, I don't recall.

1           Q.     Do you know if there was a -- if there  
2     was a group or a specific person that was  
3     responsible for reviewing suspicious orders before  
4     you got there?

5           MS. SWIFT:  Objection; foundation.

6     BY THE WITNESS:

7           A.     In 2013?

8     BY MR. MOUGEY:

9           Q.     Prior to you getting there.  You started  
10    in January '13.  Who was running the effort at  
11    Walgreens to identify suspicious orders before you  
12    got there in January '13?

13          A.     When I first started in 2013, I did not  
14    know who was running our suspicious order  
15    monitoring program prior to 2013.

16          Q.     And at any point in time after you  
17    starting in January 2013 did you ever say, "Well,  
18    let's go ask the folks that were doing this before  
19    us"?

20          A.     No, I did not.

21          Q.     Do you have any understanding of why  
22    Pharmaceutical Integrity Department was created?

23          A.     I can only speculate.  I don't know.

24          Q.     Do you have any understanding that the

1     Pharmaceutical Integrity Department was created as  
2     a result of the DEA investigations?

3             MS. SWIFT:   Object to the form.

4     BY THE WITNESS:

5             A.       No, I can only speculate.  I don't know.

6             MR. YINGLING:  I'm sorry to interject for a  
7     moment.  It's my understanding the phone line is  
8     down right now.  If that's the case, could we get  
9     it back up?

10            MR. MOUGEY:  I just would like to get -- 15  
11    more minutes till lunch.  If we can get that  
12    without taking a break, that would be great.  Can  
13    everybody live with that?

14            MS. SWIFT:  Sounds like there is an objection  
15    to that.

16                               (Clarification by the reporter.)

17            MR. MOUGEY:  Do you mind if we wait 15 minutes  
18    until lunch?

19            MR. YINGLING:  I received an e-mail that  
20    somebody who is on the line can't hear what's going  
21    on right now.  It's not my objection to stop.

22            MR. MOUGEY:  Right, I haven't heard any  
23    objection.  Let's just take 15 minutes.

24            MS. SWIFT:  You have heard an objection.  You

1 proceed over the objection. I'm not going to tell  
2 you what to do. But I take from this there is an  
3 objection to proceeding because the phone line is  
4 down, which is understandable. Let me just take a  
5 minute and see if I can -- do we know which phone  
6 like what they are connected to? I don't know who  
7 set up the phone connection this morning.

8 MR. MOUGEY: I'm assuming your tech guys did.  
9 I have no earthly idea.

10 (WHEREUPON, clarification by the  
11 reporter - short interruption.)

12 MR. MOUGEY: Everybody back on the phone?

13 MS. MOBLEY-RITTER: Yes, thank you.

14 BY MR. MOUGEY:

15 Q. Let's go back to Daugherty 7. In the  
16 bottom right-hand side of the page we were just on,  
17 fourth page in, the sentence that begins with "The  
18 'security requirement.'"

19 A. Okay.

20 Q. "The 'security requirement' at the heart  
21 of this case mandates that distributors design and  
22 operate a system to identify 'suspicious orders of  
23 controlled substances' and report those orders to  
24 DEA (the Reporting Requirement)."

1 Do you see that?

2 A. Yes.

3 Q. Can you describe what the system in  
4 place when you arrived at Walgreens was to identify  
5 suspicious orders of controlled substances?

6 MS. SWIFT: Objection; foundation.

7 BY THE WITNESS:

8 A. My understanding of our CSO KPI tool is  
9 that there is an algorithm defined to flag orders  
10 for our team to review and determine if they are  
11 suspicious.

12 So, our pharmacies cannot place an order  
13 on their own above the ceiling limit that's  
14 calculated and the tolerance that's calculated on a  
15 daily basis. If they try to place an order outside  
16 of the ceiling limit and the tolerance, they have  
17 to request an override from our team and approval  
18 to receive additional controlled substance product.

19 BY MR. MOUGEY:

20 Q. And that was in place when you arrived  
21 at Walgreens in 2013?

22 MS. SWIFT: Objection; foundation.

23 BY THE WITNESS:

24 A. The automated -- the full automated tool

1 was in place probably, and I am not 100% sure,  
2 maybe a couple, two or three months after I  
3 started. Yes, there was some manual component in  
4 the beginning.

5 Q. There was some manual what?

6 A. Component in the beginning.

7 Q. What I'm interested in is not what was  
8 created after you got there, but when you arrived.  
9 What was in place when you arrived, what was the  
10 system used to identify suspicious orders of  
11 controlled substances before you got there?

12 MS. SWIFT: Objection; foundation.

13 BY THE WITNESS:

14 A. I don't recall.

15 BY MR. MOUGEY:

16 Q. Let me ask that a little bit better.

17 What was the system used to identify  
18 suspicious orders of controlled substances when you  
19 arrived at Walgreens?

20 MS. SWIFT: Objection; foundation.

21 BY THE WITNESS:

22 A. We had flagged orders to review and then  
23 determine whether we were to report them as  
24 suspicious.

1 BY MR. MOUGEY:

2 Q. But you don't have any understanding of  
3 what that system was other than just a flagged  
4 order appearing on your desktop?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I don't recall back in 2013.

8 BY MR. MOUGEY:

9 Q. During your training you referenced  
10 notes earlier that you took during your training.  
11 Do you still have those notes?

12 A. I have notes related to our SIMS sign-on  
13 and password, things like that primarily. Those  
14 are the notes I have, yes.

15 Q. Okay. So, when you reference that you  
16 took notes during your training, it was password  
17 and links and things of that nature?

18 A. Primarily.

19 Q. Well, are there other notes outside of  
20 passwords and links that you -- that you kept?

21 MS. SWIFT: Objection; form.

22 BY THE WITNESS:

23 A. I don't think so. I can't recall. The  
24 notes that I still have are all related to



1 primarily logging in, how to look up orders.

2 BY MR. MOUGEY:

3 Q. What concerns me is "primarily." It  
4 means you're not sure if that's the entire scope,  
5 correct?

6 A. I'm pretty sure, yes.

7 Q. Has anyone come to you and asked you for  
8 those notes?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. No, because they're password -- they're  
12 just passwords and --

13 BY MR. MOUGEY:

14 Q. Where are the notes?

15 MS. SWIFT: Let her finish her answer.

16 BY MR. MOUGEY:

17 Q. Are you finished?

18 A. Well, they're just -- they're just  
19 passwords and how to get to like certain parts of  
20 our SIMS system, our inventory system, to be able  
21 to look up orders. There is nothing in there other  
22 than step, press F7 or press F5 so I could remember  
23 how to do that since that wasn't always something  
24 that I did on a regular basis.

1 Q. And I appreciate your description but  
2 the question I asked you was, did anyone come to  
3 you and ask you for those notes?

4 A. No.

5 MS. SWIFT: Object to the form.

6 BY MR. MOUGEY:

7 Q. Do you know where those notes are now?

8 A. Yes.

9 Q. And where are they?

10 A. In my drawer locked up --

11 Q. Are there any --

12 A. -- in the office.

13 Q. Are there any other notes that you kept  
14 regarding any other functions of your  
15 responsibility in Pharmaceutical Integrity?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. No.

19 BY MR. MOUGEY:

20 Q. How many pages of notes are there locked  
21 in your drawer?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. I don't recall. I can only guess. It's

1 a small little flip with maybe a handful of pages.

2 BY MR. MOUGEY:

3 Q. So, did you three-hole punch them and  
4 put them into a notebook when you reference  
5 "a flip"?

6 A. It was a notebook. Sorry. It was just  
7 a small notebook.

8 Q. And do you have other documents in your  
9 possession in regard to your training and documents  
10 that you kept for you to rely back on?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. Yes. I have documents related to, for  
14 example, DEA 106 reporting and requirements state  
15 by state, what's considered a C-5 in some states  
16 versus what's not considered a C-5. I mean,  
17 DAW 0 through 9 and their descriptions. Just  
18 regular course of.

19 BY MR. MOUGEY:

20 Q. Just regular notes?

21 A. Notes, yeah.

22 Q. And outside of what you just referenced,  
23 do you have any other documents that are in your  
24 desk or office or drawer or briefcase or home that

1 relate in any way to you fulfilling your functions  
2 in Pharmaceutical Integrity?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. No.

6 BY MR. MOUGEY:

7 Q. Now, in 2013, after reviewing the order  
8 that's flagged and contacting the pharmacy or doing  
9 whatever work you did, do you ever recall  
10 identifying an order as suspicious?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. Can you clarify. You meant back in  
14 2013?

15 BY MR. MOUGEY:

16 Q. Yes, ma'am.

17 A. Not specifically, but I believe that I  
18 may have.

19 Q. But you don't recall sitting here today  
20 identifying any order specifically as suspicious in  
21 the Midwest region in 2013?

22 A. I can't give you a specific example, no.

23 Q. I'm not asking for a specific example.  
24 I'm asking just a general, do you recall

1 identifying orders as suspicious in your role as a  
2 manager of the Midwest region for Pharmaceutical  
3 Integrity at Walgreens in 2013?

4 A. I don't recall.

5 Q. So, once you got -- did you often e-mail  
6 a pharmacy to ask questions in an order that was  
7 flagged?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. Actually I often called a pharmacy.

11 BY MR. MOUGEY:

12 Q. How did you memorialize that  
13 conversation?

14 A. I'm more of a person that likes to call  
15 and make sure that the person on the other end is  
16 understanding what I'm asking. So, for the most  
17 part, I just would make a call if I needed to to  
18 understand the nature of why they were requesting  
19 an additional product.

20 Q. So, is the answer to my question you  
21 didn't memorialize the conversations at all?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. I did not write down my phone call

1 conversation, no.

2 BY MR. MOUGEY:

3 Q. Or take any notes on the phone call  
4 conversations?

5 A. Other than what's in my e-mails, no.

6 Q. There wasn't any central repository for  
7 any of these notes like a database or anything?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

**REDACTED**

14 BY MR. MOUGEY:

15 Q. Prior to that tool being developed, was  
16 there a centralized place for you to keep notes in  
17 your communications with pharmacies?

18 A. Prior to that development I did not  
19 record my phone calls with the pharmacies, no.

20 Q. And my question was a little different,  
21 and I appreciate the answer. But the question was,  
22 was there a place for you to keep them if you  
23 wanted to?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. Did someone provide me and say I needed  
3 to put my notes in my phone conversations  
4 somewhere? No.

5 BY MR. MOUGEY:

6 Q. There was no -- that you understand when  
7 you began at Walgreens prior to the automated app  
8 being deployed, there was not a centralized place  
9 like a database for you to report your due  
10 diligence on flagged orders?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. Other than my e-mails. Not that I'm  
14 aware of.

15 BY MR. MOUGEY:

16 Q. So, if you had a conversation months  
17 before with a particular -- about a particular  
18 pharmacy, how did you refresh your memory about  
19 what you were told before?

20 A. I don't understand your question.

21 Q. Aren't patterns an important part of  
22 your job with identifying what's a suspicious order  
23 and what's not?

24 A. Can you clarify what you mean.

1 Q. Is the word "pattern" confusing?

2 A. I guess I don't understand what you're  
3 trying to ask.

4 Q. Do you understand what the word  
5 "pattern" means?

6 A. Yes, I do.

7 Q. A pattern of flagged orders from one  
8 particular pharmacy that you would have to follow  
9 up with, wouldn't that be important in your  
10 day-to-day responsibilities as a manager for the  
11 Midwest region Pharmaceutical Integrity?

12 A. If a pharmacy had requested the same  
13 product and a month later. Is that what you're  
14 saying?

15 Q. Something along those lines, sure.

16 A. For example, if they requested the same  
17 product, I would still need to understand the  
18 nature of why they need it and that they are  
19 following good faith dispensing and filling the  
20 prescription legitimately and they need it for  
21 legitimate patients.

22 Q. I understand. But the fact that you  
23 might have had to contact that pharmacy before,  
24 that pharmacist before, wouldn't that be an



1 important part of your function for identifying  
2 suspicious orders?

3 A. I think a pharmacy may ask for the same  
4 two bottles of a product a month later and as long  
5 as I -- my understand is that it's for a legitimate  
6 prescription, I would not consider that suspicious.

7 Q. What I asked you was aren't patterns an  
8 important part of fulfilling your responsibility as  
9 manager of the Midwest region for Pharmaceutical  
10 Integrity. Is the answer to the question no?

11 A. I think that my job in fulfilling my  
12 role is to ensure that the order is not considered  
13 suspicious, and that's what I would do.

14 Q. In your job as determining whether an  
15 order is suspicious or not, are not patterns an  
16 important part of that decision-making process?

17 A. I think my decision-making process in  
18 determining whether an order was suspicious was to  
19 determine if the product was needed to fulfill  
20 legitimate prescriptions and if our pharmacists  
21 understood their corresponding responsibilities.  
22 So, that would be my understanding of if a store  
23 repeated the order a month later.

24 Q. So, a pattern is not important to you

1     whether it happened month after month for you to go  
2     back and look at notes that happened in previous  
3     months?

4           A.     Again, I think a pattern of an order  
5     from a store from one month to the next, if it was  
6     for a couple bottles asking for legitimate  
7     prescriptions to fill and they wanted two extra  
8     bottles or what -- for example, two extra bottles,  
9     I think that that as long as the patient -- the  
10    patients were coming in and they needed their  
11    prescriptions filled and the pharmacist was  
12    fulfilling their good faith dispensing, I don't --  
13    I think I was doing my job.

14          Q.     And I'm not suggesting otherwise. I'm  
15    just trying to get an answer to a very simple  
16    question.

17                    You do not believe that patterns were an  
18    important part of fulfilling your responsibility as  
19    a manager of the Midwest region for Pharmaceutical  
20    Integrity, correct?

21           MS. SWIFT:  Objection.

22    BY THE WITNESS:

23           A.     In my experience, I don't think that  
24    that factored in into the actual situations when I

1 had to call a pharmacy or work with a pharmacy on a  
2 flagged order.

3 BY MR. MOUGEY:

4 Q. So, the answer to my question is no, I  
5 really don't think that patterns are important in  
6 part of your job of identifying suspicious orders  
7 for Walgreens in Pharmaceutical Integrity, right?  
8 The answer is no, I don't think they're important,  
9 isn't that the answer?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. In my experience it wasn't an issue in  
13 identifying a suspicious order when I was reviewing  
14 them.

15 BY MR. MOUGEY:

16 Q. Yes, ma'am. Patterns were not an issue  
17 and were not an important part of your analysis in  
18 identifying suspicious orders, correct?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. No. That's not what I said.

22 In my job, in my experience in working  
23 with the stores, identifying a pharmacy that had a  
24 repeat order for however many bottles, as long as

1 my understanding was that that order was for a  
2 legitimate reason, I did not consider that  
3 suspicious if they were filling for legitimate  
4 prescriptions.

5 BY MR. MOUGEY:

6 Q. Let's do it this way. When you've got  
7 an order that was flagged as suspicious, did you go  
8 back and look to see if you had had similar  
9 conversations with that pharmacy in the past?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. Back in 2013?

13 BY MR. MOUGEY:

14 Q. Yes.

**REDACTED**

18 Q. That was deployed months after you got  
19 there.

20 When you got there, did you go back and  
21 pull notes of previous conversations with that  
22 pharmacy when performing your due diligence on a  
23 flagged order?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. If there was e-mail, yes, I would go  
3 back and pull my previous conversation.

4 BY MR. MOUGEY:

5 Q. So, prior to CSO KPI, was there a way to  
6 see or identify any particular patterns that you  
7 think may have been useful when identifying a  
8 suspicious order?

9 MS. SWIFT: Object to the form, foundation.

10 BY THE WITNESS:

11 A. I don't recall the way the flagged  
12 orders were determined when I first started. It  
13 was in the very beginning of when I first started.

14 BY MR. MOUGEY:

15 Q. I understand. My question is a little  
16 different, though.

17 What I asked was, prior to CSO KPI was  
18 there a way to see or identify any particular  
19 patterns you wanted to use when determining whether  
20 an order was suspicious?

21 MS. SWIFT: Objection; foundation.

22 BY THE WITNESS:

23 A. I don't know.

24 BY MR. MOUGEY:

1 Q. What do you mean you don't know?

2 A. I don't know.

3 Q. You don't recall if there was any tool  
4 you could use to identify any patterns?

5 A. No, I don't recall.

6 Q. Before we leave the system, when you got  
7 there, kind of as a recap here, what I think --  
8 we've covered ground and you correct me if I'm  
9 wrong.

10 I think that what I understand you  
11 saying is you don't remember the specifics of the  
12 system used to identify suspicious orders, is that  
13 accurate?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. I don't remember the specifics of the  
17 system when I first started in that first month or  
18 two.

19 BY MR. MOUGEY:

20 Q. There was no mechanism when you started  
21 in those first couple months for you to collect any  
22 of your notes regarding flagged orders, correct?

23 MS. SWIFT: Objection; mischaracterizes the  
24 testimony.

1 BY THE WITNESS:

2 A. I was able to collect my notes either in  
3 e-mail or in anything else that I would have  
4 written down or kept at the time.

5 BY MR. MOUGEY:

6 Q. No database, no way for you or others to  
7 see notes, correct?

8 MS. SWIFT: Objection; foundation.

9 BY THE WITNESS:

10 A. I just don't recall.

11 BY MR. MOUGEY:

12 Q. So you don't recall. You don't recall  
13 if you actually identified any suspicious orders  
14 for the entire Midwest region when you first got to  
15 Walgreens under the system that you don't recall  
16 what it is, correct?

17 A. I just don't remember in the first two  
18 months.

19 Q. But you don't recall whether you marked  
20 any suspicious orders the first -- any flagged  
21 orders as suspicious the first couple months,  
22 correct?

23 A. I don't remember if I flagged them.

24 Q. Now, do you recall then if any orders

1     were deemed suspicious were actually reported to  
2     the DEA the first few months you were at Walgreens?

3           A.     I don't know in the first few months. I  
4     do know we reported suspicious orders to the DEA to  
5     the local offices.

6           Q.     And you don't have -- what do you know  
7     about reporting suspicious orders to the DEA local  
8     offices?

9           MS. SWIFT: Objection; foundation.

10          MR. MOUGEY: I asked you what -- what in the  
11     world could be the objection to "What do you know  
12     about reporting suspicious orders to the DEA  
13     office?" Tell me what your objection is.

14          MS. SWIFT: I'll withdraw the objection for  
15     you, Peter.

16          MR. MOUGEY: You've objected -- I know my  
17     questioning -- I'm nobody's -- I'm not signing up  
18     to teach any classes, but I think every single  
19     question I've asked, maybe minus a handful, have  
20     been objected to.

21     BY MR. MOUGEY:

22          Q.     So, I just asked, what was your  
23     understanding about Walgreens reporting suspicious  
24     orders to the DEA in early 2013 when you got there?



1           A.       I remember probably -- my first  
2       recollection would probably be a few months later  
3       where I know we were reporting suspicious orders,  
4       faxing them to the local DEA offices. That's all I  
5       remember.

6           Q.       That's all you know?

7           A.       That's all I remember.

8           Q.       That's all you remember. You don't  
9       remember what the criteria was?

10          MS. SWIFT: Object to the form.

11       BY THE WITNESS:

12          A.       That was based on the flagged orders and  
13       our team identifying them as suspicious.

14       BY MR. MOUGEY:

15          Q.       You don't know which orders went to  
16       which -- which suspicious orders went to which DEA  
17       offices?

18          A.       Well, they were designated based on the  
19       store and the location.

20          Q.       And who was responsible for sending  
21       those to the DEA?

22          MS. SWIFT: Object to the form.

23       BY MR. MOUGEY:

24          Q.       The suspicious order reports.

1           A.       I -- my -- I think I remember our  
2 analysts were responsible and we were responsible.

3           Q.       Who particularly when you say  
4 "analysts"?

5           A.       Honestly, I don't think it was any one  
6 person that I can recall.

7           Q.       It was just everybody just sending in  
8 suspicious orders as they found them?

9           A.       Honestly, I don't remember the exact  
10 process.

11          Q.       I'm just asking generally, just  
12 generally, who sent the suspicious orders and where  
13 were they kept?

14          A.       They were --

15          MS. SWIFT: Object to the form, compound.  
16 Which question do you want her to answer?

17          MR. MOUGEY: I want her to answer one question  
18 without something "I don't know."

19          MS. SWIFT: I'm sorry.

20          BY MR. MOUGEY:

21          Q.       Where were the orders -- where were the  
22 suspicious order reports to the DEA kept if you  
23 wanted to go back and look at them in early '13?

24          A.       If I recall correctly, they were faxed

1 from our e-mail, our group e-mail, and kept in a  
2 folder.

3 Q. But you --

4 A. If I remember correctly.

5 Q. You don't recall specifically?

6 A. Not 100% specific, no.

7 Q. What folder?

8 A. I don't recall what it was called.

9 Q. So, did you go back and look at previous  
10 suspicious orders as part of contacting pharmacies  
11 about whether an order was suspicious?

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. I don't recall. I may have.

15 BY MR. MOUGEY:

16 Q. Let's continue at the bottom of this  
17 page.

18 "The Reporting Requirement is a  
19 relatively modest one. It requires only that a  
20 distributor provide basic information about certain  
21 orders to the DEA, so that DEA 'investigatory in  
22 the field' can aggregate reports from every point  
23 along the legally regulated supply chain and use  
24 that information to ferret out 'potential illegal

1 activity.'" "

2 Did I read that right?

3 A. Yes.

4 Q. Do you believe when you got to  
5 Walgreens, when you arrived in early '13, that  
6 Walgreens was providing basic information to the  
7 local DEA offices about suspicious orders?

8 A. When I first started do I believe --

9 Q. Yes.

10 A. -- that Walgreens was sending suspicious  
11 orders?

12 Q. To the local DEA office.

13 A. That would be my understanding.

14 Q. Do you think it would be important that  
15 the local DEA offices would only get suspicious  
16 orders for orders within their purview?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. I don't know. My understanding was that  
20 the stores in their area would receive the  
21 suspicious orders.

22 BY MR. MOUGEY:

23 Q. Was -- that would make sense, right,  
24 that they only got the suspicious orders for stores

1 in their area, correct?

2 MS. SWIFT: Object to the form, foundation.

3 BY THE WITNESS:

4 A. My understanding is that the local  
5 office should be receiving suspicious orders from  
6 stores in their area.

7 BY MR. MOUGEY:

8 Q. Right. You wouldn't expect that  
9 Walgreens was sending suspicious orders from Topeka  
10 to the San Francisco DEA office, right?

11 MS. SWIFT: Objection; foundation.

12 BY THE WITNESS:

13 A. Again, I don't know exactly what the  
14 requirements were for reporting to the DEA local  
15 offices if the requirement was this area covers  
16 this office. I didn't have specifics on that.

17 BY MR. MOUGEY:

18 Q. So you don't. So, if you went to enter  
19 a suspicious order, where would you send it?

20 MS. SWIFT: Object to the form.

21 BY MR. MOUGEY:

22 Q. Which DEA field office would you send it  
23 to?

24 MS. SWIFT: Object to the form.

1 BY MR. MOUGEY:

2 Q. Initially in early '13.

3 A. I would look up the DEA local office and  
4 identify the store and if I had a question of  
5 whether it should go to that office, I would call  
6 that office and ask them.

7 BY MR. MOUGEY:

8 Q. Were you responsible for sending the  
9 individual suspicious orders to the DEA field  
10 offices?

11 A. No.

12 Q. Who sent them? What did you do with  
13 them after you flagged them as suspicious?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. Our analysts sent them, my understanding  
17 was, and we would save them again in a folder in  
18 our e-mail group box.

19 BY MR. MOUGEY:

20 Q. In your e-mail group box. What was the  
21 e-mail that you were using as the e-mail group?

**REDACTED**

23 Q. So, when you mentioned earlier sending  
24 faxes, is that like an old-school fax machine or

1 was that something off of your internal system that  
2 was a fax?

3 A. It was an electronic fax is how I  
4 understood.

5 Q. Were those -- those were stored in the  
6 shared file?

7 MS. SWIFT: Objection; form.

8 BY THE WITNESS:

9 A. As far as I know.

10 BY MR. MOUGEY:

11 Q. But you're not sure?

12 A. That's my understanding, yes. I did not  
13 send the suspicious orders so I can't be 100% sure,  
14 but I believe that's where they were stored.

15 MS. SWIFT: It's about ten after 12:00, if we  
16 want to break for lunch.

17 MR. MOUGEY: Thanks. Let's finish with this  
18 document if we could.

19 BY MR. MOUGEY:

20 Q. If you could turn the page.

21 Do you have an understanding of whether  
22 once an order was reported as suspicious to the  
23 DEA, whether that order was shipped?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I believe that if an order was sent as  
3 suspicious to the DEA in our system, that would not  
4 be allowed. Our store could not receive product.

5 Because our system automatically flagged  
6 an order and if the store could not provide  
7 explanation to substantiate or we felt that it was  
8 considered a suspicious order, it would never have  
9 gone to the store.

10 BY MR. MOUGEY:

REDACTED

22 Q. Before that, before the automation, do  
23 you have an understanding of whether or not a  
24 suspicious order that was flagged and sent to the



1     DEA was then shipped?

2             MS. SWIFT:   Objection; foundation.

3     BY THE WITNESS:

4             A.       No, I don't recall.

5     BY MR. MOUGEY:

6             Q.       You don't have an understanding?

7             A.       No.   I don't recall.

8             Q.       Let's flip the page.   Let's go to the  
9     "Once a distributor has reported a suspicious  
10    order, it must make one or two choices."

11            MS. SWIFT:   What page are you on?

12            MR. MOUGEY:   The next page.

13            MS. SWIFT:   Which one, please?

14            MR. MOUGEY:   The back side of the page we were  
15    just on.   I don't have the page number.   Just turn  
16    the page.

17     BY MR. MOUGEY:

18            Q.       Do you see --

19            MS. SWIFT:   From which page?

20     BY MR. MOUGEY:

21            Q.       -- "Information" --

22            MR. MOUGEY:   The one we were just on.

23     BY MR. MOUGEY:

24            Q.       "Information to ferret out potential

1     illegal activity."

2                     Do you see at the top of the page if you  
3     turn it?

4             MS. SWIFT:   We don't know which page you're  
5     on.   She is not on that page.

6             THE WITNESS:   Oh.   This page.

7     BY MR. MOUGEY:

8             Q.       The fourth page in.

9             MS. SWIFT:   That one.

10    BY MR. MOUGEY:

11            Q.       Fourth page in.

12            MS. SWIFT:   She's there.

13    BY MR. MOUGEY:

14            Q.       Are you there?

15            A.       Yeah.

16            Q.       Okay.   Great.   The language that begins  
17    with "Once a distributor has reported a suspicious  
18    order, it must make one of two choices:   decline to  
19    ship the order or conduct some 'due diligence'  
20    and - if it is able to determine that the order is  
21    not likely to be diverted into illegal channels -  
22    ship the order."

23                     Do you see that?

24            A.       Yes.

1           Q.     Do you agree based on your training at  
2     Walgreens that if an order that's been flagged as  
3     suspicious is shipped without due diligence that  
4     that is unlawful?

5           MS. SWIFT:   Object to the form of the  
6     question.

7     BY THE WITNESS:

8           A.     I don't think that I would interpret  
9     it -- I would work with our legal to interpret  
10    this.

11    BY MR. MOUGEY:

12           Q.     You would.   You'd work with legal.

13           A.     To understand how we should interpret  
14    it, yeah.

15           Q.     Okay.   So, you thought it was important  
16    that you would contact legal to help with  
17    compliance issues regarding suspicious orders?

18           A.     Yes.

19           MS. SWIFT:   Object to the form.

20    BY THE WITNESS:

21           A.     Compliance issues related to state  
22    requirements for DEA 106s.

23    BY MR. MOUGEY:

24           Q.     We're not talking about -- I'm asking

1 about due diligence and whether or not due  
2 diligence needs to be performed before an order is  
3 shipped. Okay?

4 So, 106 is relating to thefts, correct?

5 A. Correct.

6 Q. And you understand and agree that  
7 suspicious orders are broader than 106, right?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. Suspicious orders are different than the  
11 106 process, yes.

12 BY MR. MOUGEY:

13 Q. So, what I'm asking about is suspicious  
14 orders. Is it your understanding that due  
15 diligence would need to be performed prior to that  
16 order being shipped or that order is deemed  
17 unlawful?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

**REDACTED**

**REDACTED**

2 BY MR. MOUGEY:

3 Q. Prior to the tool being implemented, do  
4 you have an understanding of whether or not a  
5 suspicious order that was shipped without due  
6 diligence, is that unlawful?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. No, I don't recall what happened prior  
10 to the CSO KPI tool.

11 BY MR. MOUGEY:

12 Q. So we can just add that on to the list  
13 of things that you don't recall prior to the  
14 automation?

15 A. I don't recall.

16 Q. Do you recall how long Walgreens  
17 distributed Schedule II after you arrived at  
18 Walgreens?

19 A. I recall that our DCs were distributing  
20 C-IIs after I arrived at Walgreens.

21 Q. And how long were your DCs, your  
22 distribution centers, distributing Schedule IIs  
23 after you arrived?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't know. I can only speculate.

3 BY MR. MOUGEY:

4 Q. A matter of a few months?

5 A. At some point maybe in 2013 or 2014.

6 Q. Would you agree with me that  
7 Pharmaceutical Integrity as to Walgreens' practices  
8 prior to 2013 is not the right department?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. Can you repeat the question.

12 BY MR. MOUGEY:

13 Q. Walgreens' Pharmaceutical Integrity  
14 Department are not the right people to ask what  
15 Walgreens' system was to identify suspicious orders  
16 and perform due diligence prior to 2013?

17 MS. SWIFT: Object to the form, foundation.

18 BY THE WITNESS:

19 A. I would agree that prior to when I  
20 started in 2013, I would not be the person to ask  
21 what happened before I started in that position.

22 BY MR. MOUGEY:

23 Q. And that makes sense, right?  
24 Pharmaceutical Integrity, everyone that started in

1     Pharmaceutical Integrity started within a few  
2     months of you, correct?

3             MS. SWIFT:   Object to the form.

4     BY THE WITNESS:

5             A.       With the exception of maybe a couple  
6     people, yeah.

7     BY MR. MOUGEY:

8             Q.       Well --

9             A.       Yes.

10            Q.       -- the Pharmaceutical Integrity  
11   Department was created in late 2012, early 2013,  
12   right?

13            A.       Yes.

14            Q.       So, Pharmaceutical Integrity is not the  
15   right department to ask about Walgreens' conduct  
16   prior to 2013, correct?

17            MS. SWIFT:   Object to the form, foundation.

18   BY THE WITNESS:

19            A.       I don't know.

20   BY MR. MOUGEY:

21            Q.       You don't know that either.   But you  
22   certainly don't know anything about Walgreens'  
23   conduct prior to 2013, right?

24            A.       No.

1           Q.       So, the context of your testimony today  
2       is whenever you started, January of '13, until when  
3       Walgreens stopped distributing Schedule IIs, fits  
4       into whatever that period of months is. That's  
5       what you know about, right?

6           MS. SWIFT: Object to the form.

7       BY THE WITNESS:

8           A.       I know about what happened after I  
9       started in my position in January '13.

10       BY MR. MOUGEY:

11          Q.       Let's talk about Schedule IIs.  
12       Schedule IIs, distribution from Walgreens. The  
13       only time period that you're knowledgeable about is  
14       from the date you started, January '13, until when  
15       Walgreens stopped distributing Schedule IIs, right?

16          A.       I don't know --

17          MS. SWIFT: Object to the form.

18       BY THE WITNESS:

19          A.       I don't know about distribution prior to  
20       January of 2013.

21       BY MR. MOUGEY:

22          Q.       Right. And then sometime in 2013  
23       Walgreens stopped distributing Schedule IIs,  
24       correct?



1           A.       I don't know exactly --

2           MS. SWIFT:   Object to the form.

3   BY THE WITNESS:

4           A.       -- when they stopped.

5   BY MR. MOUGEY:

6           Q.       Right.  I'm not asking you.  Sometime in  
7   2013, right?

8           A.       Possibly, yes.  I don't know.

9           Q.       So, you specifically, Pharmaceutical  
10   Integrity, your scope of knowledge about  
11   Schedule II narcotics and identifying and reporting  
12   suspicious orders is a matter is a matter -- for  
13   Schedule II, is a matter of months, correct?

14          MS. SWIFT:   Object to the form.

15   BY THE WITNESS:

16          A.       I don't -- can you repeat the question.

17   BY MR. MOUGEY:

18          Q.       Schedule II narcotics.  OxyContin.  Your  
19   factual knowledge about Walgreens' policies and  
20   procedures for identifying and reporting suspicious  
21   orders fits into just a matter of months, correct?

22          MS. SWIFT:   Object to the form,  
23   mischaracterizes the testimony all day.

24   BY THE WITNESS:

1           A.       I don't know how long that was that we  
2       were reporting suspicious orders from when I  
3       started in January 2013 to when we stopped that  
4       process.

5       BY MR. MOUGEY:

6           Q.       For Schedule IIs when you stopped  
7       distributing, correct?

8           A.       Yeah, I don't know how long that was.

9           Q.       And I understand. You've said that  
10      repeatedly.

11                   But you do know that sometime in 2013  
12      Walgreens stopped distributing Schedule IIs,  
13      correct?

14           MS. SWIFT: Objection; mischaracterizes the  
15      testimony.

16      BY THE WITNESS:

17           A.       Again, maybe 2013 or 2014 is what I --

18      BY MR. MOUGEY:

19           Q.       So now we're into 2014. But you're not  
20      sure?

21           A.       I said that earlier.

22           Q.       Let's do it this way. Your body of  
23      knowledge about identifying and reporting  
24      suspicious orders for controlled substances is no

1 longer than a matter of months or a little more  
2 than a year?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. Depending on when we stopped  
6 distributing controlled substances, my knowledge is  
7 from January 2013 to when we stopped distributing.

8 MS. SWIFT: We have been going about for an  
9 hour and a half and it is now close to 12:30. We  
10 are going to break for lunch.

11 THE VIDEOGRAPHER: We're going off the record  
12 at 12:20 p.m.

13 (WHEREUPON, a recess was had  
14 from 12:20 to 1:02 p.m.)

15 THE VIDEOGRAPHER: We are back on the record  
16 at 1:02 p.m.

17 BY MR. MOUGEY:

18 Q. Ms. Daugherty, if I could please take  
19 you back to Exhibit 7 and the language that we left  
20 off in Exhibit 7 that "Once a distributor has  
21 reported a suspicious order."

22 A. "It must make one of two choices"?

23 Q. Yes, ma'am.

24 A. Yes.

1 Q. Will you read that last sentence for me.

2 A. "It must make one of two choices:

3 decline to ship the order or conduct some due

4 diligence and - if it is able to determine that the

5 order is not likely to be diverted into illegal

6 channels - ship the order."

7 Q. And I apologize if I wasn't clear. Let

8 me just read the whole thing.

9 "Once a distributor has reported a

10 suspicious order, it must make one of two

11 decisions, choices: decline to ship the order or

12 conduct some due diligence and - if it is able to

13 determine that the order is not likely to be

14 diverted into illegal channels - ship the order."

15 Did I read that right?

16 A. Yes.

17 Q. So, once there is a suspicious order,

18 the distributor, which is Walgreens, has two

19 choices, correct?

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. Based on this language, which, again, I

23 don't know if this is a legal requirement or what

24 the document, I've never seen this document before.

1 It says -- it says it must make one of two choices.

2 BY MR. MOUGEY:

3 Q. Do you have an understanding of one of  
4 those two choices that once an order is suspicious,  
5 if no due diligence is performed and it's shipped  
6 anyways, that that's unlawful?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. No, I don't have an understanding of  
10 that. Based on this document, I see that it says  
11 it must make one of two choices, decline to ship  
12 the order or conduct some due diligence.

13 BY MR. MOUGEY:

14 Q. And the due diligence is designed to  
15 determine whether the order is not likely to be  
16 diverted into illegal channels, correct?

17 A. Can you repeat the question.

18 Q. And the due diligence is supposed to be  
19 designed to determine whether the order is not  
20 likely to be diverted into illegal channels.

21 Do you see that?

22 A. Yes.

23 Q. So, according to this document, once an  
24 order is flagged suspicious, if there is no due

1 diligence and it's shipped anyways, based on your  
2 years of experience in Pharmaceutical Integrity,  
3 that shipment is unlawful, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I see that according to what it says  
7 here in this document that if they declined to ship  
8 the order or conduct some due diligence and if it  
9 is able to determine that the order is not likely  
10 to be diverted into illegal channels, it says, ship  
11 the order.

12 BY MR. MOUGEY:

13 Q. But if no due diligence is performed and  
14 it's shipped anyways, that's an unlawful order,  
15 correct?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. I don't know. This -- I don't know  
19 where this document came from. I see that it says  
20 once a distributor reports a suspicious order it  
21 must make one of two choices, decline to ship or  
22 conduct due diligence.

23 BY MR. MOUGEY:

24 Q. Based on your 2013 to now, you've been

1 in Pharmaceutical Integrity for years of which you  
2 were responsible for identifying suspicious orders.

3 Do you have an understanding of whether  
4 or not if due diligence is not performed on a  
5 suspicious order and it's shipped anyways, it's  
6 unlawful?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. I don't know. I'm not familiar with  
10 this document. This is the first time I'm seeing  
11 this document.

12 BY MR. MOUGEY:

13 Q. I'm not asking you about the document  
14 right now. I'm asking you based on your years of  
15 experience at Walgreens, and you've been in  
16 Pharmaceutical Integrity group right now since  
17 January of '13, correct?

18 A. Correct.

19 Q. And your job responsibility was to  
20 identify suspicious orders, correct?

21 A. Yes.

22 Q. Do you have an understanding that if an  
23 order is identified as suspicious and no due  
24 diligence is performed and it's shipped anyways,

1 that that is an unlawful order?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

**REDACTED**

9 BY MR. MOUGEY:

10 Q. I understand, and I understand that's  
11 the new process after you got to Walgreens.

12 MS. SWIFT: Object to the form.

13 BY MR. MOUGEY:

14 Q. But if in fact an order is shipped  
15 without due diligence being performed, that is an  
16 unlawful shipment, correct, Ms. Daugherty?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. I can't speculate as to what this  
20 document is or where it's coming from --

21 BY MR. MOUGEY:

22 Q. Close the document.

23 A. -- or what this is saying.

24 Q. Close the document. Keep it up on the



1 screen. Close the document.

2 What I'm asking you is from your start  
3 at January of 2013 in Pharmaceutical Integrity,  
4 correct?

5 A. Yes.

6 Q. You were responsible for identifying  
7 suspicious orders for Walgreens in the Midwestern  
8 region initially, correct?

9 A. Yes.

10 Q. Do you have an understanding of whether  
11 or not a suspicious order is shipped without  
12 performing due diligence, it's unlawful?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. I don't know.

16 BY MR. MOUGEY:

17 Q. You don't know?

18 A. No.

19 Q. So we can just add that on to the  
20 laundry list of things that you don't know?

21 A. I don't know.

22 MS. SWIFT: Object to the form.

23 BY MR. MOUGEY:

24 Q. Who do we ask at Walgreens of whether or

1 not its belief that an order -- a suspicious order  
2 that was shipped without any due diligence is  
3 unlawful? Who would you think would be the right  
4 people to ask?

5 MS. SWIFT: Objection; foundation.

6 BY THE WITNESS:

7 A. If the order was shipped but there was  
8 no due diligence accomplished? The interpretation  
9 of that. I would ask our attorneys.

10 BY MR. MOUGEY:

11 Q. So, the compliance issue about whether  
12 or not an order can be shipped without due  
13 diligence is something that you would ask the  
14 attorneys?

15 A. If that was part of my role and  
16 responsibility at the time, yes, I would have  
17 asked. But I did not.

18 Q. What do you think happened after you  
19 identified an order as suspicious before the  
20 automation was in place? Do you have an  
21 understanding of whether somebody performed due  
22 diligence and whether or not the order was held  
23 until that due diligence was accomplished?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I recently learned that there was a  
3 suspicious order monitoring process that was  
4 managed maybe at our DCs, but I don't know that to  
5 be a true fact. Just what I heard.

6 BY MR. MOUGEY:

7 Q. Who trained you when you got to  
8 Walgreens?

9 A. Steve Mills and Tasha Polster.

10 Q. No one else?

11 A. Not that I recall.

12 Q. So, you have no understanding when you  
13 got to Walgreens whether or not it was shipping  
14 orders that it deemed suspicious without due  
15 diligence?

16 A. I do not have any recollection of that,  
17 no.

18 Q. Was part of your initial training at  
19 Walgreens a -- strike that.

20 Did you have an understanding of the  
21 sense of urgency or the importance of your job  
22 identifying suspicious orders of controlled  
23 substances?

24 A. When I started in 2013, I did understand

1 the importance of my job and making sure that we  
2 were reporting suspicious orders as appropriate and  
3 reviewing flagged orders, yes.

4 Q. And once you reported a suspicious  
5 order, did you have an understanding that the DEA  
6 was using that information to ferret out illegal  
7 activity?

8 A. I don't know what the DEA was doing with  
9 that information.

10 Q. Nobody ever told you in your training  
11 that what the DEA did or didn't do with the  
12 suspicious orders that you -- that you all were  
13 working on?

14 A. I can't say that anyone ever told me  
15 what the DEA was doing with our suspicious orders.

16 Q. Did you have any understanding of  
17 whether or not Congress had been investigating  
18 opiate crisis for over a decade before you got to  
19 Walgreens?

20 A. Back in 2013, I did not know that.

21 Q. Did you have an understanding of the  
22 sense of urgency with what you were doing at  
23 Walgreens to develop an automated system for  
24 identifying suspicious orders?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. I had an understanding that it was very  
4 important that we develop the system correctly and  
5 that it worked as we intended, yes.

6 BY MR. MOUGEY:

7 Q. What was your understanding of why that  
8 was important?

9 A. Just to make sure that we didn't have  
10 the system work improperly and that we didn't have  
11 to go back and make any changes or major fixes  
12 because that always takes time.

13 Q. But why was it important? We saw  
14 documents earlier referring back to the Controlled  
15 Substance Act in 1970 about the substantial impact  
16 on the public health from opiates going back almost  
17 decades. Did you have any understanding of how bad  
18 it was when you started in January of '13?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. I don't know how bad it was. That's  
22 just what you're saying. I don't know.

23 BY MR. MOUGEY:

24 Q. It's what I'm saying, Peter Mougey as

1 Plaintiff's counsel, what I'm saying. You didn't  
2 have any understanding of that in 2013?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I would say I had an understanding that  
6 there was a prescription drug issue with abuse in  
7 the country at that time.

8 BY MR. MOUGEY:

9 Q. An issue. Let me hand you what I will  
10 mark as Daugherty Exhibit 8.

11 (WHEREUPON, a certain document was  
12 marked as Walgreens-Daugherty  
13 Deposition Exhibit No. 8:  
14 Document, "OxyContin: Its use and  
15 Abuse," etc., 8/28/01 hearing;  
16 PGEN-0047.)

17 MR. MOUGEY: I'm going to hand you a series of  
18 these documents.

19 BY MR. MOUGEY:

20 Q. Do you see the title of this document,  
21 Daugherty Exhibit 8, "OxyContin: Its Use and  
22 Abuse, Hearing Before the Subcommittee on Oversight  
23 and Investigations of the Committee on Energy,  
24 Commerce, House of Representatives."

1 Do you see that?

2 A. Yes.

3 Q. Do you see the date below it?

4 A. Yes.

5 Q. What date is that?

6 A. August 28, 2001.

7 Q. So, the issue as you described it with  
8 opiate prescriptions, were you aware that as early  
9 as the early 2000s that there were hearings before  
10 Congressional subcommittees regarding OxyContin?

11 A. No.

12 Q. And OxyContin was one of the drugs that  
13 you were responsible for identifying suspicious  
14 orders and reporting them to the DEA, correct?

15 A. Yes.

16 Q. And Walgreens was making decisions about  
17 whether to ship those suspicious orders or not,  
18 correct?

19 A. My team was making decisions whether to  
20 flag the order as suspicious, yes, and shipped to  
21 the store.

22 Q. If you would, please turn to -- it's  
23 page 1 of the document and it's titled "OxyContin:  
24 Its Use and Abuse." It's three pages into the

1 document.

2 If you go all the way to the bottom of  
3 that page, and this committee charged with  
4 investigating OxyContin said that "Today's hearing  
5 is the logical extension of this subcommittee's  
6 ongoing investigation into prescription drug abuse  
7 throughout the United States. My staff and I have  
8 met on numerous occasions with the DEA, the FDA and  
9 Purdue Pharma in order to investigate the trends of  
10 OxyContin abuse and diversion and well as to  
11 explore potential solutions."

12 Do you see that?

13 A. Is that at the bottom of the page?  
14 Sorry. I didn't catch that.

15 Q. Bottom of page 1 and into the beginning  
16 of page 2. Take your time and read it.

17 A. Yes. I see that.

18 Q. So, when you started in the beginning of  
19 2013, you weren't aware that going as far back as  
20 2001 there were ongoing investigations into  
21 OxyContin and its misuse?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. No.



1 BY MR. MOUGEY:

2 Q. If you go into the next paragraph,  
3 "Sadly, prescription drug abuse is a growing  
4 national problem. According to the National  
5 Institute of Drug Abuse, as recently as 1999, more  
6 than 9 million Americans, aged 12 and older,  
7 reported that they used prescription drugs at least  
8 once that year for non-medical reasons."

9 Do you see that?

10 A. Yes.

11 Q. Did I read that correctly?

12 A. Yes.

13 Q. This was a growing and exploding health  
14 epidemic as early as 2001, correct?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. That's what this document says, yes.

18 BY MR. MOUGEY:

19 Q. But you had no understanding of that  
20 when you began at Walgreens, correct?

21 A. No, I was not aware of this document --

22 Q. Not this document.

23 A. -- when I started.

24 Q. Not this document. The fact that there

1     were ongoing Congressional investigations into  
2     OxyContin abuse dating 13 years prior to you  
3     getting to Walgreens. Were you aware of that?

4             MS. SWIFT: Object to the form.

5     BY THE WITNESS:

6             A. I was not aware of Congressional  
7     investigations back to 2001, no.

8     BY MR. MOUGEY:

9             Q. Let me hand you what I will mark as  
10    exhibit -- Daugherty Exhibit 9.

11                     (WHEREUPON, a certain document was  
12                     marked as Walgreens-Daugherty  
13                     Deposition Exhibit No. 9: GAO  
14                     Report to Subcommittee on Oversight  
15                     and Investigations; P1.1076 -  
16                     P1.1076.27.)

17    BY MR. MOUGEY:

18             Q. Do you know what GAO, Government  
19    Accountability Office, stands for or do you know  
20    what that is?

21             A. No, I don't.

22             Q. Do you see this GAO document dated  
23    May 2002, "Report to the Subcommittee on Oversight  
24    and Investigations, Committee on Energy and

1 Commerce, House of Representatives"? Do you see  
2 that?

3 A. Yes.

4 Q. And this is less than a year after  
5 Daugherty 7, the reference to ongoing  
6 investigations into OxyContin, correct?

7 A. This is less than a year. Say that  
8 again.

9 Q. Yes, ma'am. This GAO report to the same  
10 subcommittee is less than a year after the first  
11 document in Daugherty 7 that we just looked at,  
12 correct?

13 A. The document that first was in 2001, is  
14 that what you're referring to?

15 Q. Yes, ma'am. August of 2001.

16 A. Yes. It's a year.

17 Q. May of 2002.

18 A. Right.

19 Q. Less than a year, right?

20 A. Right.

21 Q. Thank you.

22 And if you would, please, let's continue  
23 with the title, "Prescription Drugs, State  
24 Monitoring Programs Provide Useful Tool to Reduce

1 Diversion."

2 Do you see that?

3 A. Yeah.

4 Q. If you would, please turn to page 4 of  
5 this document. It's in the middle of the bottom.  
6 In the "Background" section.

7 A. Okay.

8 Q. You understand that when there are  
9 Congressional subcommittee ongoing investigations  
10 that that usually is a matter of significant import  
11 to the American public, correct?

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. I can't speculate.

15 BY MR. MOUGEY:

16 Q. Yeah, that's -- under "Background,"  
17 "The diversion and abuse of prescription drugs are  
18 associated with incalculable costs to society in  
19 terms of addiction, overdose, death and related  
20 criminal activities."

21 Do you see that first sentence?

22 A. Yes.

23 Q. Do you agree with that?

24 A. Yes.

1           Q.     The next sentence, "DEA has stated that  
2     the diversion and abuse of legitimately produced  
3     controlled pharmaceuticals constitute a  
4     multi-billion dollar illicit market nationwide."

5                     Do you see that sentence?

6           A.     Yes.

7           Q.     Did I read it correctly?

8           A.     Yes.

9           Q.     Were you aware when you started at  
10    Walgreens in 2013 that the diversion and abuse of  
11    the pharmaceuticals, Schedule II and III that  
12    Walgreens distributed and dispensed, that the  
13    illicit market was multi-billion dollars?

14           MS. SWIFT: Object to the form of the  
15    question.

16    BY THE WITNESS:

17           A.     I was not aware, no, I'm not.

18    BY MR. MOUGEY:

19           Q.     In 2013 you're aware that Walgreens had  
20    more than 7,000 stores across the U.S., retail  
21    pharmacies, correct?

22           A.     I don't -- I don't know for sure.

23           Q.     Thousands and thousands of retail  
24    pharmacies, correct?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. It could be, yes.

4 BY MR. MOUGEY:

5 Q. You don't even know how many pharmacies  
6 that Walgreens was distributing to at that point in  
7 time?

8 A. I don't know if we had 7,000, 7,500,  
9 8,000. But, yes, I agree --

10 Q. But that's not what I asked you.

11 A. -- it was thousands, yes.

12 Q. It said thousands and thousands.

13 A. Yes.

14 Q. Correct?

15 A. Yes.

16 Q. I didn't say 500. I didn't say 2,500.  
17 I said thousands and thousands, right?

18 A. Yes.

19 Q. Okay. And you're comfortable that there  
20 were thousands and thousands of Walgreens retail  
21 pharmacies that Walgreens was distributing  
22 Schedule II and Schedule III narcotics for,  
23 correct?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. Can you repeat the question.

3 BY MR. MOUGEY:

4 Q. Walgreens was responsible for  
5 distributing Schedule II and Schedule III opiates  
6 to thousands and thousands of its own retail  
7 pharmacies, correct?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. Walgreens was distributing controlled  
11 substances, C-IIIs and C-IIIIs, to our pharmacies,  
12 yes.

13 BY MR. MOUGEY:

14 Q. And there were how many people assigned  
15 at Walgreens to take on this important task when  
16 you got there in the beginning of '13 to identify  
17 suspicious orders, report them to the DEA and  
18 perform due diligence on those orders?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. I don't know.

22 BY MR. MOUGEY:

23 Q. How many people were in your department?

24 A. When I first started?

1 Q. Yes, ma'am.

2 A. Two and myself, Tasha and Steven Mills.

3 Q. Three people. And then within a matter  
4 of months, how much had that department had grown  
5 to?

6 A. I think we maybe had five more people.  
7 Five.

8 Q. So, Walgreens had assigned seven people  
9 to take on this multi-billion dollar diversion  
10 problem in Schedule II and Schedule III narcotics  
11 in its thousands and thousands of retail  
12 pharmacies, correct?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. No, we -- I don't know what happened  
16 prior to when I started. So, I can't say that, no.

17 BY MR. MOUGEY:

18 Q. When you got there in 2013, there at the  
19 peak was seven people in prescription and  
20 Pharmaceutical Integrity that were responsible for  
21 identifying suspicious orders, reporting them to  
22 the DEA and performing due diligence to combat this  
23 multi-billion dollar diversion problem, correct?

24 MS. SWIFT: Object to the form.



1 BY THE WITNESS:

2 A. As far as I knew, Rx Integrity was  
3 started and, yes, there were roughly seven people  
4 in the beginning of 2013 that were assigned to  
5 manage our CSO KPI tool and manage reporting of  
6 suspicious orders, yes.

7 BY MR. MOUGEY:

8 Q. And that CSO KPI tool was designed to  
9 identify suspicious orders, correct?

10 A. Yes.

11 Q. Report them as required to the DEA,  
12 correct?

13 A. Yes.

14 Q. And identify what orders needed to  
15 undergo due diligence, correct?

16 A. Yes.

17 Q. And Walgreens had seven people assigned  
18 to that process, correct?

19 A. As far as to my knowledge, yes, at that  
20 time.

21 Q. Did you see other people coming in and  
22 out that were providing all of these resources or  
23 was it pretty much just the seven of you?

24 A. To my knowledge, it was -- it was my

1 group.

2 Q. Wouldn't you think you would know? I  
3 mean, after all these years, you would know if  
4 there were more people, right?

5 A. I don't know.

6 Q. Let's go to the next sentence. It says,  
7 "One recent example of this growing diversion  
8 problem is the controlled substance oxycodone."

9 You know what oxycodone is, correct?

10 A. Yes.

11 Q. And you have an understanding that  
12 oxycodone was one of the most abused prescription  
13 opiates when you started at Walgreens in 2013?

14 A. Yes. I think it was one of the  
15 medications or controlled substances that was  
16 abused.

17 Q. Not one of. One of the highest, one of  
18 the most abused Schedule II prescription opiate,  
19 correct?

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. I don't know that to be a fact.

23 BY MR. MOUGEY:

24 Q. You don't know that oxycodone in the

1 beginning of 2013 or at any time in 2013 that  
2 oxycodone was one of the most abused Schedule II  
3 prescription opiates?

4 A. I know that it was one of the most  
5 abused, yes.

6 Q. The sentence goes on, "Oxycodone,  
7 Percocet, Percodan. OxyContin has become the  
8 nation's number one prescribed narcotic medication  
9 for treating chronic and severe" -- "chronic severe  
10 and moderate pain."

11 Did I read that correctly?

12 A. Yes.

13 Q. "A single 40 gram" -- "40 milligram  
14 OxyContin tablet legally selling for about \$4 is  
15 worth about \$40 on the illicit market."

16 Correct?

17 A. That's what it says.

18 Q. You didn't have any understanding when  
19 you began in '13 what OxyContin was selling on the  
20 illicit market for?

21 A. No.

22 Q. Wouldn't that have been an important  
23 fact when you were looking for red flags and  
24 suspicious orders what the illicit market is

1 bringing for pills that sold for \$4?

2 A. I know that that OxyContin could be sold  
3 illicitly and I know that someone could purchase  
4 it. I did not have an understanding that it was  
5 sold for \$40, no.

6 Q. Wouldn't that have been an important  
7 fact that it could be sold for hundreds of percent  
8 higher than what the -- what the cost at the  
9 pharmacy was?

10 A. I knew that it was being sold on the  
11 illicit market for more than what it was valued at,  
12 yes.

13 Q. Sure. But not \$5 more, not \$6 more.  
14 Roughly a thousand percent more, correct?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. I don't know that to be a fact.

18 BY MR. MOUGEY:

19 Q. Did you ever ask anyone? Did anybody  
20 ever tell you what the demand in the illicit market  
21 was for OxyContin?

22 A. I may have heard, but I can't  
23 specifically relate to any one person.

24 Q. You can't point to any point in time

1 where anyone from Walgreens training has provided  
2 information to you about the multiple that the  
3 illicit market was bringing for OxyContin?

4 MS. SWIFT: Object.

5 BY THE WITNESS:

6 A. In training, no.

7 BY MR. MOUGEY:

8 Q. You said your training was ongoing. It  
9 started Day One and it continued to today.

10 You can't sit here today and tell this  
11 jury and tell this Court that you can point to one  
12 single time that anyone from Walgreens has pointed  
13 to how many percent higher the illicit market is  
14 bringing for OxyContin?

15 A. I was aware that OxyContin could be sold  
16 in the illicit market for more than what it was  
17 valued at, yes. In our group we were aware of  
18 that.

19 Q. But not how much more?

20 A. Exactly how much more, no, not  
21 specifically.

22 Q. I didn't say exactly.

23 A. Not 100 times more.

24 MS. SWIFT: Let her finish her answer.

1 BY THE WITNESS:

2 A. I don't -- I don't know. I knew it was  
3 more.

4 BY MR. MOUGEY:

5 Q. That's it. You don't know if it's  
6 50 cents more, a quarter more, a nickel more or a  
7 thousand percent more? You don't know. It's just  
8 more.

9 A. I knew it was more than a nickel more.  
10 I knew it was a higher amount.

11 Q. It goes on.

12 "As of February 2002, OxyContin has been  
13 involved in 464 deaths from prescription drug abuse  
14 as reported by DEA on the basis of medical  
15 examiners' autopsy findings for 2000 and 2001 from  
16 32 states."

17 Do you have any understanding from the  
18 point that the GAO study went to the committee of  
19 Congress how much the deaths increased attributable  
20 to OxyContin?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. No.

24 BY MR. MOUGEY:

1           Q.     Did anybody when you started at  
2     Walgreens, at any point in time from your initial  
3     training through your ongoing training, describe to  
4     you about how many people were dying every year  
5     from OxyContin overdoses?

6           A.     I think, as I mentioned prior, I had  
7     seen things in the news, online, maps related to  
8     that and in certain areas where people were dying  
9     from OxyContin or oxycodone or opioid overdoses,  
10    yes.

11          Q.     But you can't point to any specific time  
12    at Walgreens that anyone explained to you how many  
13    people were dying every year and what the increase  
14    was year after year attributable to OxyContin?

15          A.     I think that was ongoing since I started  
16    in 2013.

17          Q.     So, the answer to my question is, "Yes,  
18    someone told me," or, "No, I saw it online and I  
19    saw it in the media but I never saw it at  
20    Walgreens." Which one is it?

21          A.     Yes, we --

22          MS. SWIFT: Object to the form.

23    BY THE WITNESS:

24          A.     We discussed it in our group. Did

1 someone tell me? No. I probably saw it in  
2 reports, yes.

3 BY MR. MOUGEY:

4 Q. When you say "reports," you're talking  
5 about news media?

6 A. Primarily or documents citing studies,  
7 yes.

8 Q. Wouldn't it be important to know year  
9 after year what the OxyContin deaths were  
10 increasing when you were looking through all of the  
11 suspicious orders to determine what was illicit  
12 drug use and what wasn't? Wouldn't that have been  
13 important to know?

14 A. I think in the scope of my job, I  
15 understood that people were dying from oxycodone  
16 overdoses; and while reviewing the orders, I was  
17 doing my due diligence and making sure that the  
18 pharmacists were filling prescriptions legitimately  
19 and using their corresponding responsibility, yes.

20 Q. Right. But you can't point us to any  
21 point in time where that due diligence was  
22 conducted other than calling the pharmacy and  
23 putting them in some e-mails, correct?

24 MS. SWIFT: Objection; mischaracterizes the



1 testimony.

2 BY THE WITNESS:

**REDACTED**

7 BY MR. MOUGEY:

8 Q. Do you have an understanding of the  
9 reason why that system was implemented at Walgreens  
10 in mid-2013 is because of a settlement agreement it  
11 reached with the regulators?

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. No.

15 BY MR. MOUGEY:

16 Q. You have no -- no one has ever told you  
17 that the reason why Pharmaceutical Integrity was  
18 created was because of the investigation by the  
19 regulators into Walgreens' distribution and  
20 dispensing practices?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. No.

24 BY MR. MOUGEY:

1 Q. I hand you what will be marked as  
2 Exhibit Daugherty 9 -- 10. I'm sorry.

3 Can you go back to Exhibit 2.

4 A. Which is?

5 Q. The "Follow-Up Review of the Drug  
6 Enforcement Administration's Efforts to Control the  
7 Diversion."

8 A. Okay.

9 Q. You can see the date of this document is  
10 July 2006, and this is Daugherty 2, correct?

11 A. Yeah, I see that.

12 Q. So, this is approximately five years  
13 after the first subcommittee on the ongoing  
14 investigation into OxyContin I showed you, correct?

15 A. Yes.

16 Q. And you see again in the upper left-hand  
17 corner, this is the U.S. Department of Justice,  
18 correct?

19 A. Yes.

20 Q. And the document is titled "Follow-up  
21 Review of the Drug Enforcement Administration's  
22 Efforts to Control the Diversion of Controlled  
23 Pharmaceuticals."

24 Correct?

1           A.       Yes.

2           Q.       If you just turn to the second page of  
3       this document, under "Executive Digest," second  
4       paragraph that begins with "Diversion of controlled  
5       pharmaceuticals."

6           A.       Okay.

7           Q.       "Diversion of controlled pharmaceuticals  
8       has dramatically increased in recent years, and  
9       research on drug usage reflects the growth of the  
10      problem. According to a 2005 report from the  
11      National Center on Addiction and Substance Abuse,  
12      the number of people who admitted abusing  
13      controlled prescription drugs increased by  
14      94 percent over a ten-year period, from 7.8 million  
15      in '92 to 15.1 million in 2003."

16                   Do you see that?

17          A.       Yes.

18          Q.       Did I read that correctly?

19          A.       Yes.

20          Q.       As part of your seven years and your  
21      pharmacy Doctorate, you took statistics classes,  
22      correct?

23          A.       Not that I recall.

24          Q.       You didn't take any math classes,

1 statistics classes?

2 A. I took math classes, yes.

3 Q. You understand what linear regression  
4 is?

5 A. Yes.

6 Q. And how do you understand what linear  
7 regression is?

8 A. I understand at a very high level what  
9 linear regression is.

10 Q. What's your understanding of what linear  
11 regression is?

12 A. I just understand the graph and how it  
13 basically looks if you were to ask me to look at a  
14 graph.

15 Q. Do you understand what the definition of  
16 linear regression is?

17 A. I don't have a good understanding of  
18 linear regression.

19 Q. Linear regression is what Walgreens is  
20 using today to identify suspicious orders, correct?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. I understand that our system is based  
24 off a mathematical calculation, yes.

1 BY MR. MOUGEY:

2 Q. You understand that mathematical  
3 calculation is based on a linear regression model?

4 A. Yes.

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I believe it includes linear regression  
8 model.

9 BY MR. MOUGEY:

10 Q. And my question was a little inartful.  
11 I said "today."

12 You understand that during your tenure  
13 when Walgreens was still distributing Schedule II  
14 and Schedule III, that one of the tools used to  
15 measure or identify suspicious orders was a model  
16 based on linear regression?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. I understand our tool today is based off  
20 of that linear regression.

21 BY MR. MOUGEY:

22 Q. But you're not distributing anymore  
23 after 2014, correct?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. Not that I know of.

3 BY MR. MOUGEY:

4 Q. You're not even -- I mean all these  
5 years in Pharmaceutical Integrity, you don't even  
6 know whether Walgreens is distributing Schedule II  
7 and Schedule III narcotics?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. I'm not aware of. No, I don't think we  
11 are.

12 BY MR. MOUGEY:

13 Q. And the fact that Walgreens is using a  
14 linear regression model, sitting here today, you  
15 can't tell the jury what linear regression is just  
16 even from a high level?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. The mathematical calculation was  
20 developed by someone who had expertise in that  
21 area, and they had developed it to identify stores  
22 with orders of unusual quantity and size.

23 BY MR. MOUGEY:

24 Q. Yes, ma'am. And I appreciate that, but

1 the question I asked you was, do you have an  
2 understanding, even at a 30,000 foot view, of what  
3 linear regression is?

4 A. I don't have a great understanding of  
5 it, no.

6 Q. Not a great. 30,000. Can you tell the  
7 jury today what linear regression is?

8 A. I don't have a good understanding of --

9 Q. Any understanding.

10 A. -- of linear regression.

11 Q. Can you tell us any understanding of  
12 what linear regression is?

13 A. I can't today.

14 Q. So, we've just gone through five, six  
15 years of Congressional subcommittee reports, GAO  
16 studies of increasing deaths, increasing diversion  
17 problems, and Walgreens model is based on linear  
18 regression, and no one from Walgreens ever trained  
19 you even enough for you to articulate what a  
20 definition of a linear regression is?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. I don't believe that was my job. My job  
24 was to identify the flagged orders and report the

1 suspicious orders and work with our pharmacists and  
2 our stores.

3 BY MR. MOUGEY:

4 Q. And the linear -- in order -- I'm sorry.

5 The tool used to identify suspicious  
6 orders, one of the tools, one of the primary tools  
7 is linear regression, correct?

8 MS. SWIFT: Object to the form; foundation.

9 BY THE WITNESS:

10 A. The tool did use linear regression, yes,  
11 in identifying flagged orders.

12 BY MR. MOUGEY:

13 Q. And sitting here today you can't  
14 articulate, just even a 30,000 foot view, Wikipedia  
15 definition of what linear regression is?

16 A. I don't have a good understanding of  
17 linear regression.

18 Q. But you do understand in this report  
19 dated July 2006 with the stamp of the Department of  
20 Justice that the number of people who admitted  
21 abusing controlled prescription drugs had jumped  
22 almost 100 percent by 2003.

23 Do you see that?

24 A. I see that.



1           Q.       When you began your tenure at Walgreens  
2       in 2013, had anyone introduced you or described to  
3       you the sense of urgency based on the number of  
4       deaths across America attributable to Schedule II  
5       and Schedule III?

6           MS. SWIFT:   Object to the form.

7       BY THE WITNESS:

8           A.       Can you repeat the question.

9       BY MR. MOUGEY:

10          Q.       When you began your training at  
11       Walgreens in 2013 throughout the course of that  
12       year, did anybody explain to you the increasing  
13       year-to-year amount of deaths attributable to  
14       Schedule II and Schedule III narcotics?

15          A.       I think I saw that in documents over the  
16       course of my training, yes.

17          Q.       Did anyone explain to you the  
18       year-to-year increasing trends of people who had  
19       used prescription opiates, Schedule II and  
20       Schedule III, for the first time?

21          MS. SWIFT:   Object to the form.

22       BY THE WITNESS:

23          A.       Can you repeat the question.   At  
24       Walgreens?

1 BY MR. MOUGEY:

2 Q. Yes.

3 A. Did anyone --

4 Q. That's your employer, right?

5 A. Yes.

6 Q. Did anybody explain to you year over  
7 year what the increasing trends were of people who  
8 had taken prescription opiates, Schedule II and  
9 Schedule III, over time?

10 A. Not that I recall.

11 MS. SWIFT: Object to the form.

12 BY MR. MOUGEY:

13 Q. Didn't you use in part of your job at  
14 Walgreens trends over periods of times from stores  
15 when determining whether stores met certain  
16 thresholds?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. Not that I recall. I don't understand  
20 your question.

21 BY MR. MOUGEY:

22 Q. Trends. Do you understand what a trend  
23 is?

24 A. Yes.

1 Q. What's a trend?

2 A. Can you tell me what you're asking me,  
3 because I understand what a trend is.

4 Q. Isn't a trend, isn't it a term of art  
5 used within Prescription Integrity to identify  
6 potential suspicious orders?

7 A. Can you be more specific and give me an  
8 example.

9 Q. I'm asking you. Do you not recall any  
10 time in Prescription -- I'm sorry -- Pharmaceutical  
11 Integrity group you all used trends of  
12 prescriptions for Schedule II and Schedule III  
13 narcotics when identifying suspicious orders?

14 MS. SWIFT: Objection; vague.

15 BY THE WITNESS:

16 A. We identified suspicious orders based on  
17 the orders that were flagged and we considered each  
18 order before we determined whether it was  
19 considered suspicious. So, I'm not sure what  
20 you're asking. I don't understand your question.

21 BY MR. MOUGEY:

22 Q. That paragraph continues, "This rate of  
23 increase was seven times faster than the increase  
24 in U.S. population for that same time period."

1                   What does that tell you, the increase in  
2   first-time users for Schedule II and Schedule III  
3   in comparison to population, what does that tell  
4   you, if anything, Ms. Daugherty?

5           MS. SWIFT: Object to the form.

6   BY THE WITNESS:

7           A.     This particular sentence, if it's  
8   accurate, is saying that there were 7.8 million in  
9   1992 and then 15 million roughly in -- to  
10   15 million in 2003.

11   BY MR. MOUGEY:

12           Q.     And what does that --

13           A.     Which is --

14           Q.     In comparison --

15           A.     -- almost double.

16           Q.     In comparison to the U.S. population,  
17   seven times faster, correct, the increase in U.S.  
18   population?

19           MS. SWIFT: Object to the form.

20   BY MR. MOUGEY:

21           Q.     It tells you it's a growing problem?

22           A.     It says it's a growing problem from  
23   7.8 million in 1992 to 15.1 million in 2003.

24           Q.     So, when you started at Walgreens in the

1 beginning of 2013, did anybody say this epidemic is  
2 growing year to year exponentially and it has not  
3 slowed down in over a decade?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I don't recall if someone said that to  
7 me in that detail.

8 BY MR. MOUGEY:

9 Q. Anything generally in that regard?

10 A. I don't recall. It's possible. I was  
11 basically made aware of these kinds of statistics  
12 through, again, online studies, documentation,  
13 reports, maps.

14 Q. I'm going to hand you what's marked as  
15 Daugherty 11 -- 10. Thanks.

16 (WHEREUPON, a certain document was  
17 marked as Walgreens-Daugherty  
18 Deposition Exhibit No. 10: 9/27/06  
19 letter from US DOJ DEA;  
20 MCKMDL00478906 - 00478909.)

21 BY MR. MOUGEY:

22 Q. Do you see the U.S. Department of  
23 Justice with a date of September 27, 2006, correct?

24 A. Yes.

1           Q.     And do you see the very first line of  
2     this letter from the U.S. Department of Justice,  
3     Drug Enforcement Agency, that "This letter is being  
4     sent to every commercial entity in the  
5     United States registered with the Drug Enforcement  
6     Administration (DEA) to distribute controlled  
7     substances."

8                     Do you see that?

9           A.     Yes.

10          Q.     And that's Walgreens, right?

11          MS. SWIFT:   Object to the form.

12   BY MR. MOUGEY:

13          Q.     Walgreens is a distributor, right?

14          MS. SWIFT:   Object to the form.

15   BY THE WITNESS:

16          A.     I don't know if -- I assume Walgreens  
17     was a distributor in 2006. I don't have knowledge  
18     of that since I wasn't involved until 2013 did I --  
19     in the Rx Integrity group.

20   BY MR. MOUGEY:

21          Q.     The next sentence says, "The purpose of  
22     this letter is to reiterate the responsibilities of  
23     controlled substance distributors in view of the  
24     prescription drug abuse problem our nation

1 currently faces."

2 Do you see that?

3 A. Yes.

4 Q. And this is six, seven years before you  
5 started, right?

6 A. Yes.

7 Q. Have you ever seen this letter?

8 A. I may have seen it during deposition,  
9 but I honestly can't remember.

10 Q. In another deposition?

11 A. Deposition prep. Sorry. I don't know  
12 if I saw this letter.

13 Q. Outside of deposition prep, have you --  
14 do you recall seeing this letter during your tenure  
15 at Walgreens?

16 A. No.

17 Q. The next paragraph goes on, "As each of  
18 you is undoubtedly aware, the abuse (non-medical  
19 use) of controlled prescription drugs is a serious  
20 and growing health problem in this country."

21 Do you agree that that continued up  
22 until the point when you started with Walgreens in  
23 2013?

24 MS. SWIFT: Object to the form.

1 BY MR. MOUGEY:

2 Q. Or continued with Walgreens in 2013?

3 A. I don't know.

4 Q. You don't know if in 2013 when you began  
5 that the abuse or non-medical use of controlled  
6 prescription drugs continued to be a serious and  
7 growing health problem in this country?

8 A. I know when I started in January of 2013  
9 that the abuse of controlled prescription drugs was  
10 becoming a problem in the country. That's what I  
11 know.

12 Q. It was a new problem like that document  
13 we saw earlier, right?

14 A. I don't know that it was new. I don't  
15 know how --

16 Q. You said it was becoming --

17 A. -- if it was growing. I don't -- I  
18 don't have any context before 2013, so I don't  
19 know.

20 Q. That's perfect. You have no context  
21 before January 2013 when you started?

22 A. Other than what I saw in the news, which  
23 I mentioned earlier.

24 Q. And all of this ongoing training at



1 Walgreens, you don't have any context for what had  
2 happened in years before with the growing and  
3 continuing serious health problem in this country,  
4 no context that you can base off of when you  
5 started in January of '13?

6 MS. SWIFT: Objection; mischaracterizes the  
7 testimony.

8 BY THE WITNESS:

9 A. As part of my job was to manage the  
10 controlled substance order monitoring process when  
11 I started and manage the team and build the team.

12 So, I don't have knowledge of this  
13 letter or what was happening in specifics at  
14 Walgreens prior to that.

15 BY MR. MOUGEY:

16 Q. The question I asked you was a little  
17 different. You mentioned context, and what I asked  
18 you was that when you began in '13, you didn't have  
19 any context for what had happened in years before  
20 with the growing and continuing serious health  
21 problem in this country attributable to Schedule II  
22 and Schedule III opiates, correct?

23 MS. SWIFT: Object to the form.

24 BY THE WITNESS:

1           A.       I knew that there was a problem in the  
2       country. I don't know when it started, and I don't  
3       know how long it had been going on.

4       BY MR. MOUGEY:

5           Q.       But you knew when you started in the  
6       beginning of 2013 that it was becoming a problem?

7           MS. SWIFT: Object to the form.

8       BY THE WITNESS:

9           A.       I knew at that point because that was  
10      what I was made aware of when I started my job  
11      because prior to that, it wasn't my job to know  
12      about the growing health problem related to drug  
13      abuse. My job was different.

14      BY MR. MOUGEY:

15          Q.       Now it was your job in 2013. Deaths are  
16      increasing every year. Prescription abuse is  
17      increasing every year.

18                  Wouldn't it have been important for you,  
19      as the manager for the Midwest region overseeing  
20      and identifying suspicious orders for more than a  
21      thousand stores, for you to have some context of  
22      the increasing problem?

23          MS. SWIFT: Objection; mischaracterizes the  
24      testimony.

1 BY THE WITNESS:

2 A. I was aware that there was an increasing  
3 problem with drug abuse in the country when I  
4 started my job as I was being trained.

5 BY MR. MOUGEY:

6 Q. Increasing, kind of like your testimony  
7 earlier about OxyContin. You didn't know if it was  
8 being sold for a dollar more a pill or a thousand  
9 more percent a pill.

10 Here you knew that it was a growing  
11 problem, just didn't really know how big of a  
12 problem it was. Is that fair?

13 A. I didn't --

14 MS. SWIFT: Object to form.

15 BY THE WITNESS:

16 A. I didn't know the actual numbers. I  
17 knew that it was a growing problem in the country,  
18 yes.

19 BY MR. MOUGEY:

20 Q. But context, whether it was a growing  
21 problem of 1% or 2% or year after year it had  
22 doubled, you don't really know because that wasn't  
23 part of your job?

24 A. I know it was a serious problem.

1 Q. The next paragraph, "The CSA," and you  
2 understand what that stands for?

3 A. I mean, it says Controlled Substance  
4 Act.

5 Q. Yes, ma'am.

6 A. Yeah.

7 Q. "The CSA," Controlled Substance Act,  
8 "was designed by Congress to combat diversion by  
9 providing for a closed system of drug  
10 distribution."

11 Do you know what "closed system" means?

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. In this document I'm not sure I  
15 completely understand that.

16 BY MR. MOUGEY:

17 Q. How about outside of this document?  
18 Just generally. Do you understand what a closed  
19 system is? In all this training you've gotten at  
20 Walgreens, what is a closed system referencing?

21 A. A closed system is --

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. Honestly, I don't know.

1 BY MR. MOUGEY:

2 Q. You don't know. Sentence continues, "In  
3 which all legitimate handlers of controlled  
4 substances must obtain a DEA registration and, as a  
5 condition of maintaining such registration, must  
6 take reasonable steps to insure that their  
7 registration is not being utilized as a source of  
8 diversion."

9 Did I read that correctly?

10 A. Yes.

11 Q. It goes on, "Distributors are, of  
12 course, one of the key components of the  
13 distribution chain."

14 Do you agree with that sentence from the  
15 DEA that distributors are one of the key components  
16 of the distribution chain?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. I can't speculate. I don't know.

20 BY MR. MOUGEY:

21 Q. Do you have any idea what the  
22 distributor's role is in the closed distribution  
23 system?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't know.

3 BY MR. MOUGEY:

4 Q. Do you have any idea what -- why the  
5 distributors are key components of the distribution  
6 system?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. No, I can't speculate.

10 BY MR. MOUGEY:

11 Q. The paragraph goes on, "If the closed  
12 system is to function properly as Congress  
13 envisioned, distributors must be vigilant in  
14 deciding whether a prospective customer can be  
15 trusted to deliver controlled substances only for  
16 lawful purposes."

17 Did I read that accurately?

18 A. Yes.

19 Q. It goes on, "This responsibility is  
20 critical."

21 Do you agree that Walgreens as a  
22 distributor has a responsibility to be vigilant in  
23 deciding whether a prospective customer can be  
24 treated to deliver controlled substances only for

1     lawful purposes?

2             MS. SWIFT:   Object to the form.

3     BY THE WITNESS:

4             A.       The -- I think I would defer to  
5     interpretation of the law and what our attorney  
6     would advise as far as what that is.  I can't -- I  
7     can't assume to know what that is, what that means  
8     exactly.

9     BY MR. MOUGEY:

10            Q.       You can't assume or you don't know --

11            A.       I don't --

12            Q.       -- whether or not Walgreens -- no one  
13     has ever told you that Walgreens' role was  
14     critical?

15            MS. SWIFT:   Object to the form.

16     BY THE WITNESS:

17            A.       I don't know in this context of this  
18     letter.

19     BY MR. MOUGEY:

20            Q.       And outside the context, has anyone at  
21     Walgreens ever told you that your role, its role as  
22     a distributor was critical?

23            MS. SWIFT:   Your role, its role, whose role  
24     are you talking about?

1 BY MR. MOUGEY:

2 Q. No one from Walgreens ever told you that  
3 your role in Pharmaceutical Integrity as part of  
4 Walgreens was critical in the distribution system?

5 A. At Walgreens I was made aware that my  
6 role was important, and I needed to make sure that  
7 we were monitoring for flagged orders and reporting  
8 suspicious orders. That was the extent of my role.

9 Q. The last sentence of that paragraph,  
10 "Congress has expressly declared that the illegal  
11 distribution of controlled substances has a  
12 substantial and detrimental effect on the health  
13 and general welfare of the American people."

14 Do you agree with that sentence?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. I don't know. This is just a letter  
18 from 2006.

19 BY MR. MOUGEY:

20 Q. It's just a letter?

21 A. I'm not sure. I don't know.

22 Q. That's it. And that's the message from  
23 Walgreens?

24 A. I have not seen this letter.



1           Q.       "This is just a letter from the DEA. I  
2   don't know." Right?

3           A.       Well, I have not seen this letter  
4   before.

5           MS. SWIFT: Object to the form.

6   BY THE WITNESS:

7           A.       I don't know.

8   BY MR. MOUGEY:

9           Q.       No one has ever shown you this letter,  
10   correct?

11          MS. SWIFT: Object to the form.

12   BY THE WITNESS:

13          A.       Not until I saw it possibly in  
14   deposition prep, no.

15   BY MR. MOUGEY:

16          Q.       You might not have been in deposition  
17   prep if somebody would have shown it to you  
18   earlier, right?

19          MS. SWIFT: Objection. You're harassing the  
20   witness. Do you have a question?

21   BY MR. MOUGEY:

22          Q.       Who at Walgreens would have been  
23   responsible, in your understanding from when you  
24   started, of taking this letter and making sure that

1 it got in the right hands of the right people?

2 MS. SWIFT: Objection; foundation.

3 BY THE WITNESS:

4 A. Are you asking me in 2006?

5 BY MR. MOUGEY:

6 Q. I'm asking you from your understanding  
7 when you were at Walgreens -- and you were at  
8 Walgreens in 2006, right?

9 A. I was at Walgreens Health Initiatives,  
10 our PBM division, yes.

11 Q. Yes, ma'am. And that's Walgreens,  
12 right? That's under the umbrella of companies,  
13 right?

14 A. Yes, it's part of Walgreens.

15 Q. And the PBMs were also distributing --  
16 I'm sorry -- were also responsible for Schedule II  
17 and Schedule III narcotics, correct?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. Not in distribution that I'm aware of.

21 BY MR. MOUGEY:

22 Q. Not in distribution, but part of the  
23 rubric of the PBMs included Schedule II and  
24 Schedule III narcotics, correct?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. I don't know what you mean by that.

4 BY MR. MOUGEY:

5 Q. So, in 2006 when you're at Walgreens --  
6 you've been at Walgreens for almost 20 years,  
7 right?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. Yes.

11 BY MR. MOUGEY:

12 Q. Who do you think would have been  
13 responsible at Walgreens when a letter like this  
14 comes in talking about Walgreens' responsibility  
15 and that it's critical, who at Walgreens would have  
16 been responsible for distributing or disseminating  
17 this to the right people?

18 MS. SWIFT: Objection; foundation.

19 BY THE WITNESS:

20 A. In 2006 I would not know. I do not  
21 know.

22 MR. MOUGEY: I will hand you Daugherty 11.

23 (WHEREUPON, a certain document was  
24 marked as Walgreens-Daugherty

1                                   Deposition Exhibit No. 11:  
2                                   12/27/07 letter from US DOJ DEA to  
3                                   McKesson Corporation;  
4                                   MCKMDL00478910 - 00478911.)

5   BY MR. MOUGEY:

6           Q.     Same letterhead as Daugherty 10,  
7   correct?

8           A.     Yes.

9           Q.     U.S. Department of Justice, correct?

10          A.     Yes.

11          Q.     Drug Enforcement Administration below  
12   that, correct?

13          A.     Yes.

14          Q.     If you compare dates, about 14 months  
15   later the next letter comes out, correct?

16          A.     Yes.

17          Q.     "The purpose of this letter is to  
18   reiterate the responsibilities of controlled  
19   substance manufacturers and distributors to inform  
20   DEA of suspicious orders in accordance with 21 CFR  
21   1301.74(b)."

22                   Do you see that?

23          A.     Yes.

24          Q.     Do you recall ever seeing this letter

1 prior to deposition prep?

2 A. No.

3 Q. Take a second and look at the contents  
4 of this letter and its similarity to the last  
5 letter. Very close, isn't it?

6 MS. SWIFT: Are you asking her to read the  
7 whole letter?

8 MR. MOUGEY: Enough to answer the question.

9 MS. SWIFT: Read whatever part of it you need.

10 MR. MOUGEY: Thank you.

11 BY THE WITNESS:

12 A. I would say that this letter is much  
13 shorter than the first letter. So, not similar.  
14 There is much more detail in the first letter.

15 BY MR. MOUGEY:

16 Q. Let's go through the Daugherty 11, then.  
17 Second paragraph.

18 "In addition to, and not in lieu of, the  
19 general requirement under 21 USC 823, manufacturers  
20 and distributors maintain effective controls  
21 against diversion."

22 Do you see that?

23 A. Yeah, yes.

24 Q. "DEA regulations require all

1 manufacturers and distributors to report suspicious  
2 orders of controlled substances."

3 Do you follow me?

4 A. Yes.

5 Q. "Title 21 CFR 1301.74(b), specifically  
6 requires that a registrant 'design and operate a  
7 system to disclose to the registrant suspicious  
8 orders of controlled substances.' The regulation  
9 clearly indicates that it is the sole  
10 responsibility of the registrant to design and  
11 operate such a system."

12 Do you see that?

13 A. Yes.

14 Q. So, as of 2007 it's crystal clear that  
15 the DEA is requiring Walgreens as a distributor to  
16 have designed and implemented a system intended to  
17 identify and report suspicious orders, correct?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. I see that this is what this letter  
21 says, that they're requiring a registrant to design  
22 and operate a system. I also see that it's  
23 addressed to McKesson.

24 BY MR. MOUGEY:

1           Q.     Yes, because your company can't find  
2     this letter. It hasn't been produced in  
3     production.

4                     Do you have -- doesn't that seem a  
5     little odd to you that letters from the DEA  
6     elaborating on industry standards and what does and  
7     doesn't need to be done, that your company can't  
8     find it?

9           A.     I don't know that that's true.

10          Q.     Don't you find that a little weird, that  
11     we have to use --

12                 MS. SWIFT: Let her answer your question.

13     BY MR. MOUGEY:

14          Q.     Were you finished?

15          A.     Um-hmm.

16          Q.     Don't you find -- I thought you were.

17                     Do you -- do you find it a little odd  
18     maybe that letters from the DEA elaborating on  
19     what's required and what's not required and the  
20     critical responsibility, that nobody at Walgreens  
21     can find that letter?

22                 MS. SWIFT: Object to the form.

23     BY THE WITNESS:

24          A.     I don't know.

1 BY MR. MOUGEY:

2 Q. Do you think maybe this didn't go to  
3 Walgreens so it didn't know about the systems that  
4 the DEA was requiring?

5 A. I don't know if Walgreens received this  
6 letter.

7 Q. Did anyone from Walgreens ever elaborate  
8 on the contents or similar to the contents of this  
9 letter during your training?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. I have no knowledge of this letter  
13 during my training.

14 BY MR. MOUGEY:

15 Q. Or the contents of this letter, similar  
16 to the contents of this letter.

17 Do you have any knowledge about anything  
18 similar to the contents of this letter during your  
19 training at Walgreens?

20 MS. SWIFT: If you need to read the entire  
21 letter to determine the answer to that question,  
22 you should do that.

23 BY THE WITNESS:

24 A. I think I might need to read it.



1                   So, yes.

2       BY MR. MOUGEY:

3           Q.       So, let's go to the last paragraph.

4       Let's talk about patterns. Last paragraph on the  
5       first page begins with, "The regulation  
6       specifically states that suspicious orders include  
7       orders of unusual size, orders deviating  
8       substantially from a normal pattern and orders of  
9       an unusual frequency."

10                   Do you see that first sentence?

11           A.       Yes.

12           Q.       The DEA goes on in the sentence after  
13       next, "For example, if an order deviates  
14       substantially from a normal pattern, the size of  
15       the order does not matter and the order should be  
16       reported as suspicious."

17                   Do you see that?

18           A.       Is that lower down somewhere?

19           Q.       It's the sentence after the one I just  
20       read. Begins with, "For example." It's  
21       highlighted on the screen in front of you.

22           A.       Yes.

23           Q.       Okay. Do you see that?

24           A.       Yes.

1           Q.       So, the DEA believes that patterns are  
2       important when determining whether an order is  
3       suspicious, correct?

4           MS. SWIFT:   Object to the form.   You're asking  
5       her what the DEA believes?

6       BY MR. MOUGEY:

7           Q.       The DEA as elaborated in this letter.

8           A.       That's what the letter.   The letter  
9       says, "If the order deviates substantially from the  
10      normal pattern."

11          Q.       And you don't recall in any point in  
12      time in your training that patterns should be  
13      looked at to identify potential suspicious orders,  
14      correct?

15          MS. SWIFT:   Object to the form.

16      BY THE WITNESS:

17          A.       My understanding is if a store has never  
18      ordered a product before and they are now ordering,  
19      for example, a Suboxone, I will make sure that I  
20      understand the extent of why they are ordering the  
21      Suboxone films that they need.   Usually it's as a  
22      result of now they have legitimate prescriptions  
23      coming from a Suboxone clinic.

24                    So, if that's what you mean by a normal

1 pattern where they never dispensed it before or  
2 hadn't seen any volume of it before and now they  
3 are dispensing it, yeah.

4 BY MR. MOUGEY:

5 Q. Can you think of any other patterns that  
6 might be important?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. Not off the top of my head right now.

10 BY MR. MOUGEY:

11 Q. So, the only pattern you can think of  
12 after six years in Pharmaceutical Integrity  
13 responsible for identifying suspicious orders is  
14 when a store has never ordered Suboxone and now is  
15 ordering it. That's the only pattern that you can  
16 come up with?

17 A. Off the top of my head right now, yes.

18 Q. Let's go to the first sentence on the  
19 next page, begins with "Registrants."

20 "Registrants that rely on rigid formulas  
21 to define whether an order is suspicious may be  
22 failing to detect suspicious orders."

23 Do you have an understanding of whether  
24 or not Walgreens was using a rigid formula to

1 detect suspicious orders at any point in time?

2 MS. SWIFT: Object to the form, foundation.

3 BY THE WITNESS:

4 A. I don't know what "rigid formulas"  
5 means. I don't know what that means in this  
6 letter.

7 BY MR. MOUGEY:

8 Q. Well, let's just maybe come up with an  
9 example. So, if an NDC code in the order for a  
10 month was averaged over a period of time, say, six  
11 months, and then you have an average. You  
12 following me?

13 A. Yes.

14 Q. And that was multiplied times 3, the  
15 average. So, anything over the average times 3 was  
16 flagged as suspicious. Does that sound like a  
17 formula to you?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. That's -- I don't know what rigid or how  
21 that's defined. That's my question.

22 BY MR. MOUGEY:

23 Q. I didn't use the word "rigid" on  
24 purpose --

1 A. Yes.

2 Q. -- so as not to confuse you --

3 A. Yes.

4 Q. -- with the word "rigid." So, let's  
5 just use the word "formula."

6 Three times a six-month average for a  
7 specific NDC code. Is that a formula?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. I think that could be a formula.

11 BY MR. MOUGEY:

12 Q. And do you think that would be a rigid  
13 formula?

14 MS. SWIFT: Object to form.

15 BY THE WITNESS:

16 A. I don't know.

17 BY MR. MOUGEY:

18 Q. You don't know. Do you think that's an  
19 appropriate formula to use to identify suspicious  
20 orders when reporting them to the DEA?

21 MS. SWIFT: Objection; foundation.

22 BY THE WITNESS:

23 A. I don't know.

24 BY MR. MOUGEY:

1           Q.     You wouldn't expect that Walgreens was  
2     using formulas like 3 times the average over  
3     six-month of an NDC code when reporting suspicious  
4     orders to the DEA, would you?

5           MS. SWIFT:   Object to the form, foundation.

6     BY THE WITNESS:

7           A.     I don't know what kind of formula  
8     Walgreens was using in 2007 or --

9     BY MR. MOUGEY:

10          Q.     But you certainly wouldn't --

11          A.     To report suspicious orders.

12          Q.     You certainly wouldn't expect Walgreens  
13     to be using a rigid formula after this 2007 letter,  
14     correct?

15          MS. SWIFT:   Object to the form.

16     BY THE WITNESS:

17          A.     I don't know.

18          MS. SWIFT:   Foundation.

19     BY MR. MOUGEY:

20          Q.     Have you ever talked to Mr. Stahmann  
21     about what the formula Walgreens was using during  
22     his tenure?

23          MS. SWIFT:   Object to the form.

24     BY THE WITNESS:

1 A. Before he was working with me?

2 BY MR. MOUGEY:

3 Q. At any point in time.

4 A. Other than our CSO KPI tool that we talk  
5 about, yes. But no.

6 Q. No?

7 A. Not other than that, no.

8 Q. I will hand you what I'll mark as  
9 Daugherty 12.

10 (WHEREUPON, a certain document was  
11 marked as Walgreens-Daugherty  
12 Deposition Exhibit No. 12: 8/16/17  
13 e-mail with attachment;  
14 WAGMDL00183798 - 00208715.)

15 BY MR. MOUGEY:

16 Q. You see Eric Stahmann that e-mailed  
17 himself on August 16, 2017, correct?

18 A. Yes.

19 Q. And Mr. Stahmann is one of your  
20 colleagues in Pharmaceutical Integrity, correct?

21 A. Yes.

22 Q. And he's been there for quite some time  
23 as well, correct?

24 A. Probably several months after I started

1 in 2013, yes.

2 Q. But as of 2017, in August, he had been  
3 there about four years, right?

4 A. That sounds right, yes.

5 Q. And you understand that he, like you,  
6 had been at Walgreens prior to his tenure in  
7 Pharmaceutical Integrity, correct?

8 A. Yes.

9 Q. Do you know what department or what  
10 group he was in within Walgreens prior to  
11 Pharmaceutical Integrity?

12 A. Our asset protection department.

13 Q. And loss prevention?

14 A. Loss prevention, yes.

15 Q. Okay. And you see here that the subject  
16 is "CD orders," right?

17 A. Yes.

18 Q. And the attachments are CDCORP 8-2010,  
19 and it's a zip file, correct?

20 A. Yeah, it says zip, yes.

21 Q. Thanks. So, if you'd turn the page to  
22 Bates No. 99. It's in the bottom right-hand  
23 corner.

24 Do you know what MOBIUS is? To the



1 bottom of the page.

2 A. I have heard the term, but no, I don't.

3 Q. You don't have any understanding at all  
4 what it is, whether it's a database or anything?

5 A. Not really, no.

6 Q. Not really or not at all?

7 A. No, I really don't know. I don't know.

8 Q. All right. And in the middle of the  
9 page on the right-hand side do you see "Report  
10 Title, Suspicious Drug Orders"?

11 A. Yes.

12 Q. Now, if you would turn to two pages in.  
13 Let me come back to that.

14 If you would turn to Bates No. 80.

15 A. Okay.

16 Q. And you see "Sales District 277" in the  
17 upper left-hand side?

18 A. Yes.

19 Q. "Walgreen Store No.," and 3226, correct?

20 A. Yes.

21 Q. And do you see "DEA No.," and that's --  
22 do you have an understanding of what that DEA  
23 number is?

24 A. Where is it?

1           Q.     The upper part of Bates No. 80, right in  
2     the middle of the page, it says, "DEA No.,  
3     BW4129842."

4           A.     I would assume that it's the DEA number  
5     of the store.

6           Q.     All right. Of the pharmacy, right?

7           A.     The pharmacy, yes.

8           Q.     The next has got a store address and  
9     it's got 6410 Broadway Avenue, Cleveland, Ohio,  
10    correct?

11          A.     Yes, 6410 Broadway.

12          Q.     And you ultimately were over the eastern  
13    region of Walgreens for identifying suspicious  
14    orders, correct?

15          A.     Yes. At a later date after I had  
16    started, yes.

17          Q.     When do you recall that that date was?

18          A.     I don't remember exactly. Maybe 2015.

19          Q.     Okay. So, if you continue on this page,  
20    it says on the right-hand side below the kind of  
21    title section it says, "Walgreen Item No." and it  
22    has an NDC number, correct?

23          A.     Yes.

24          Q.     And next to that column is

1 "Description," and it has the average order and  
2 then it has a star, "DEA factor = Trigger."

3 Do you see that?

4 A. Average order. I see "AVE Order."

5 Q. What do you think AVE stands for, do you  
6 know?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. I -- I don't know since I usually use  
10 AVG, so I'm not sure.

11 BY MR. MOUGEY:

12 Q. The DEA factor equals trigger. Do you  
13 see that?

14 A. Yes.

15 Q. And you have -- why don't you tell me  
16 what you see what that is below that,  
17 "Oxycodone-APAP 5-325 tab plus 500." What does  
18 that mean?

19 A. That's the oxycodone acetaminophen  
20 5 milligram 325 strength and that's a 500 count  
21 bottle.

22 Q. And below you see 6 and 3.0 and 18,  
23 right?

24 A. Yes.

1 Q. So, 6 times 3 is 18. Do you agree with  
2 that?

3 A. Yes.

4 Q. And you see under the AVE order, 6; and  
5 under the DEA factor, 3; and under the trigger, 18?

6 A. I see the numbers, yes.

7 Q. Have you ever seen this report before or  
8 anything similar to it?

9 A. No.

10 Q. Look below. You see the "Date Ordered,"  
11 6/29, 7; 6/22, 4; 6/15, 3; 6/08, 5; 6/1, 9.

12 Do you see that, follow me?

13 MS. SWIFT: Objection to the extent it  
14 mischaracterizes the document.

15 BY THE WITNESS:

16 A. I follow the numbers, yes.

17 BY MR. MOUGEY:

18 Q. Okay. And you see the "Total Ordered"  
19 below, 28.

20 A. I see that, yes.

21 Q. Now, do you have any idea what  
22 percentage 18 of 28 is?

23 MS. SWIFT: Object to the form.

24 BY MR. MOUGEY:

1 Q. Is that 155%? Does that look about  
2 right?

3 MS. SWIFT: Same objection.

4 BY THE WITNESS:

5 A. What percent 18 out of 28 is? No, I  
6 don't think it's 155%.

7 BY MR. MOUGEY:

8 Q. Did I say that backwards?

9 The trigger factor is 18.

10 Do you see that above?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. I see the number 18, yes.

14 BY MR. MOUGEY:

15 Q. And you see below the quantity is 28?

16 A. Yes.

17 Q. And 28 is 155% of 18?

18 MS. SWIFT: Do you want her to do the math in  
19 her head or?

20 BY THE WITNESS:

21 A. Okay.

22 BY MR. MOUGEY:

23 Q. I understand.

24 A. I use my phone a lot for math, I'll be

1 honest with you.

2 Q. Although your job --

3 A. Yes.

4 Q. -- with linear regression --

5 A. Yes.

6 Q. -- and looking is a lot of math, isn't  
7 it?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. I use my calculator quite a bit, yes. I  
11 have three.

12 BY MR. MOUGEY:

13 Q. Well, if you want to get your phone out  
14 and do the 28 times --

15 A. No, that's fine.

16 Q. I'm sorry. 28, 155 as compared to 18,  
17 does that look about right to you? Let's do it  
18 like this.

19 A. Sure.

20 Q. What's half of 18? 9, right?

21 A. Yes.

22 Q. So, you'd agree that 27 would be 150% of  
23 18, right?

24 MS. SWIFT: I'm going to object to the

1 on-the-record math. She's testifying under oath.

2 I mean, if you really want her to get her phone

3 out. If you can do it in your head, fine.

4 BY THE WITNESS:

5 A. Yes, I agree.

6 BY MR. MOUGEY:

7 Q. With what?

8 A. It's close, yes.

9 Q. It's close.

10 A. Yes.

11 Q. Do you have any idea whether or not

12 Walgreens for periods of time before your arrival

13 in Pharmaceutical Integrity was using rigid

14 formulas to identify suspicious orders for the DEA?

15 MS. SWIFT: Object to the form, foundation.

16 BY THE WITNESS:

17 A. No.

18 BY MR. MOUGEY:

19 Q. You don't have any idea whether

20 Walgreens was using a DEA factor of 3 to multiply

21 average orders?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. No, I do not.

1 BY MR. MOUGEY:

2 Q. You would agree with me that if  
3 Walgreens was using a formula such as 3 times the  
4 average order to identify suspicious orders, that  
5 that would not comply with the correspondence we  
6 just looked at from the DEA?

7 MS. SWIFT: Object to the form, foundation.

8 BY THE WITNESS:

9 A. No.

10 BY MR. MOUGEY:

11 Q. You'd agree with me that it doesn't  
12 comply?

13 MS. SWIFT: No. Objection.

14 BY THE WITNESS:

15 A. No. I don't know where -- this letter  
16 is law. So, I don't -- I don't really understand  
17 if that would comply with the law, no.

18 BY MR. MOUGEY:

19 Q. I'm asking you if the letter from the  
20 DEA provides guidance that rigid formulas shouldn't  
21 be used and Walgreens was using a DEA factor of 3,  
22 that that would not comply with the DEA's guidance,  
23 correct?

24 MS. SWIFT: Same objection.



1 BY THE WITNESS:

2 A. I don't know. I can't speculate.

3 BY MR. MOUGEY:

4 Q. And you don't know who would know,  
5 right? Are we going to get to somebody at  
6 Walgreens that knows something outside of a  
7 six-month window?

8 MS. SWIFT: Object to the form of the  
9 question.

10 BY MR. MOUGEY:

11 Q. I will hand you what we'll mark as  
12 Daugherty 13.

13 (WHEREUPON, a certain document was  
14 marked as Walgreens-Daugherty  
15 Deposition Exhibit No. 13:  
16 Settlement and Memorandum of  
17 Agreement; WAGMDL00490963 -  
18 00490978; and P-WAG-0001.)

19 BY MR. MOUGEY:

20 Q. Let's walk through this document. If  
21 you'll -- the first 13 pages is titled "Settlement  
22 and Memorandum of Agreement." The signatory pages  
23 are page 11 and 12 and 13.

24 Do you see that?

1 A. Yes.

2 Q. Okay. Now, this -- these are a series  
3 of documents, and we got the signatory pages at a  
4 different time. So, I'm going to refer you to  
5 after page 13, there is an "Addendum: Prospective  
6 Compliance," one of three pages, and then the  
7 document starts over again.

8 Do you see that?

9 A. Yes.

10 MS. SWIFT: Are you following his questions  
11 while you're looking?

12 THE WITNESS: Yes.

13 BY MR. MOUGEY:

14 Q. Page 1 of 13, "Settlement and Memorandum  
15 of Agreement."

16 A. Yes.

17 Q. It's titled -- it also has page 1 of 343  
18 on the bottom right-hand side. Do you see that?

19 A. No.

20 Q. They're numbered --

21 A. I have 1 of 3, 1 of 13. Do you want me  
22 to go after that? Then I have 1 of 3 again.

23 Q. Right. But do you see the number on the  
24 bottom right-hand side? Get to the one that starts

1 with 1 of 343.

2 A. Okay.

3 Q. To make it easy, I've just numbered them  
4 sequentially 1 out of 343, so when I reference a  
5 page you can find it. Okay?

6 A. Yes.

7 Q. And you're there on page 1 of 343 titled  
8 "Settlement and Memorandum of Agreement."

9 Do you see that?

10 A. Yes.

11 Q. Now, I know you've only looked at the  
12 first few pages, but just based on the first page,  
13 do you recall ever seeing this document before?

14 A. I don't recall seeing this page, no.

15 Q. Okay.

16 A. This part of it. No.

17 Q. Let's just go through some of the  
18 procedural background so we know what we are  
19 looking at.

20 Do you see the paragraphs that are  
21 titled 1, 2, 3, 4, 5, 6 and it goes all the way to  
22 10 on page 2 of 343? Do you see that?

23 A. Yes.

24 Q. Okay. And paragraph 3 references, "On

1 April 7, 2011, Walgreens entered into a Settlement  
2 and Release Agreement and Administrative Memorandum  
3 of Agreement with DEA."

4 Do you see that as Appendix A?

5 A. Yes.

6 Q. Okay. 4, "Walgreens' Jupiter  
7 distribution center is registered with DEA as a  
8 distributor of Schedule II to V controlled  
9 substances," and it lists its address in Jupiter,  
10 Florida. Are you still following me?

11 A. Yes.

12 Q. And then paragraph 5 references  
13 Appendix B that pertains to the Jupiter  
14 distribution center, correct?

15 A. Yes.

16 Q. And then 6, 7, 8, 9 and 10 are all  
17 pharmacy -- retail pharmacies of Walgreens that are  
18 referenced in Exhibits C to C6?

19 A. Yes.

20 Q. Okay. Let's continue to page 2 of 3,  
21 "Stipulation and Agreement." Do you have an  
22 understanding of what the words "Stipulation and  
23 Agreement" means?

24 A. I understand that this is an agreement.

1           Q.     Okay. And as you can see below, in the  
2     second paragraph, "Walgreens acknowledges that  
3     suspicious order reporting for distribution to  
4     certain pharmacies did not meet the standards  
5     identified by DEA in three letters from DEA's  
6     Deputy Assistant Administrator, Office of Diversion  
7     Control, sent to every registered manufacturer and  
8     distributor, including Walgreens, on September 27,  
9     2006, February 7, 2007 and December 27, 2007."

10                   Do you follow me?

11           A.     Yes.

12           Q.     Did anyone, when you began at Walgreens  
13     in that first year, tell you that Walgreens had  
14     acknowledged that its suspicious order reporting  
15     for distribution centers did not meet standards as  
16     identified by the DEA?

17           A.     Not that I recall, no.

18           Q.     Wouldn't -- wouldn't you have recalled  
19     that? We have people dying. We have exploding  
20     populations using Schedule II and Schedule III  
21     narcotics.

22                   Wouldn't you recall if somebody said,  
23     "Hey, our organization didn't follow and comply  
24     with DEA guidelines"? Don't you think you'd

1 remember that?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. I don't know if I would.

5 BY MR. MOUGEY:

6 Q. Wouldn't that be a --

7 A. I don't remember that.

8 Q. You don't know if you'd recall?

9 A. I don't know.

10 Q. Do you know -- did you know in the first

11 half of 2013 whether or not Walgreens paid

12 \$80 million as part of this agreement?

13 A. I think I learned, yeah, at some point

14 when this settlement agreement was signed that

15 there was an \$80 million involvement. Maybe June.

16 I don't recall when this was exactly signed.

17 Q. Maybe June is what your recollection is?

18 Did you look at documents getting -- preparing for

19 today that you had been sent this memorandum of

20 agreement in June of 2013?

21 A. I've seen some of this memorandum of

22 agreement before, yes. Not this part that you're

23 showing me right now.

24 Q. Let me hand you what is marked as

1 Daugherty 14.

2 (WHEREUPON, a certain document was  
3 marked as Walgreens-Daugherty  
4 Deposition Exhibit No. 14: 6/12/13  
5 e-mail string; WAGMDL00575931 -  
6 00575944.)

7 BY MR. MOUGEY:

8 Q. Don't close 13. I just want to...

9 Let's just start with the e-mail on top.  
10 Do you see that it's from you to the rest of your  
11 group?

12 A. It's from me to Tasha is what I see up  
13 top and then from Tasha to us. Yes.

14 Q. And you ask, "I can forward this to Ed?"  
15 Help me with the pronunciation.

16 A. Svihra.

17 Q. Svihra. What's Ed Svihra do?

18 A. I believe his job was director in asset  
19 protection.

20 Q. Why did you ask if you could forward it  
21 to Ed?

22 A. Because it was a document, a settlement,  
23 and I wanted to make sure I can share that.

24 Q. Where did you find it?

1           A.       Tasha had sent it, it looks like.

2           MS. SWIFT:   I'm going to object.   I just  
3   noticed that the third e-mail on the chain is from  
4   Patty Zagami, who is a lawyer at Walgreens.   I  
5   don't know if this is a draft of the settlement  
6   agreement or not.   But if it is, I'm going to lodge  
7   an assertion of privilege over this document and  
8   ask that you not ask questions about it.   You've  
9   already got the --

10          MS. DUNNING:   Kate, I am going to represent  
11   that the title in the metadata is "Final from USAO  
12   website.pdf."   You can see that on the screen.   So  
13   I don't think it's a draft, and you all produced  
14   this in your post privileged --

15          MS. SWIFT:   Based on that representation, I  
16   don't have any reason to think that it's a draft  
17   either.   But if you don't need ask about this  
18   version of it.

19          MR. MOUGEY:   I wasn't planning on going  
20   through it.   What I'm trying to...

21   BY MR. MOUGEY:

22          Q.       As of June of 2013, June 12 of 2013, you  
23   had the memorandum and agreement on -- the  
24   Settlement and Memorandum Agreement, which is the



1 first series of pages of this document in  
2 Exhibit 12, correct?

3 A. It appears that I did in an e-mail, yes.

4 Q. Okay. Can we go to the first page of  
5 the Settlement and Memorandum Agreement.

6 And Exhibit 13 that was e-mailed to you  
7 in June of '13, appears to be the first -- the same  
8 draft as what's in Exhibit 12, correct?

9 A. I don't know if it's the same. I  
10 haven't done a comparison.

11 Q. It's the same subject matter, right?

12 MS. SWIFT: Do you want her to read both and  
13 confirm that, Peter? I mean, if you want her --

14 MR. MOUGEY: That's why I broadened it up to  
15 just the same subject matter.

16 BY THE WITNESS:

17 A. It's titled the same, Settlement and  
18 Memorandum of Agreement. I can agree to that.

19 BY MR. MOUGEY:

20 Q. Yeah.

21 A. I don't know that -- I can't say that it  
22 with 100% certainty that it's the same document  
23 unless I do it.

24 Q. That's not what I asked. If you go back

1 to what I asked, which was the same subject matter,  
2 if you look at paragraphs 1, 2, 3, 4, 5, 6, and  
3 you'll see pretty quick that the reference matter  
4 is the same in the document we just went through.

5 A. I would agree that it's similar, yes.

6 Q. Yes. And if you turn the page,  
7 paragraphs 7, 8, 9 and 10 are also similar to  
8 Exhibit 12?

9 MS. SWIFT: Take your time and compare them to  
10 the extent you need to be able to answer the  
11 question.

12 BY THE WITNESS:

13 A. Yes.

14 BY MR. MOUGEY:

15 Q. Thank you. Just kind of put that to the  
16 side, and we'll stick with Daugherty 12 for a  
17 minute. Okay?

18 What I want you to draw your attention  
19 on paragraphs 1 through 10 are all the different  
20 matters that were open investigations from the DEA  
21 into different Walgreens distribution centers and  
22 pharmacies.

23 Do you see that?

24 MS. SWIFT: Object to the form, foundation.

1 BY THE WITNESS:

2 A. I don't know what each item  
3 specifically --

4 BY MR. MOUGEY:

5 Q. Then we will go through every single  
6 one.

7 A. -- is referring to.

8 Q. Let's start with paragraph 4. You see  
9 that's the Jupiter distribution center, correct?

10 A. Yes.

11 Q. And if you get to paragraph 6, that  
12 references retail pharmacies and you can see the  
13 DEA numbers after the -- like on paragraph 6,  
14 correct?

15 A. I can see the DEA numbers, yes.

16 Q. And if you turn to paragraph 7, there  
17 are additional Walgreens retail pharmacies  
18 referenced, correct?

19 A. Yes. I see another DEA number, other  
20 DEA numbers.

21 Q. And paragraph 8 are additional Walgreens  
22 pharmacies, correct?

23 A. Yes.

24 Q. Paragraph 9 are additional Walgreens

1 pharmacies, correct?

2 A. Yes.

3 Q. And in paragraph 10 it says, "On  
4 February 22, 2013, the ALJ consolidated the seven  
5 cases into one consolidated proceeding that was  
6 scheduled for an administrative hearing initially  
7 on January 7, 2013, and then continued until  
8 February 25, 2013 and again until April 23, 2013."

9 Do you see that?

10 A. Yes.

11 Q. So, there were seven different cases  
12 consolidated into one, correct?

13 MS. SWIFT: Object to the form, foundation.

14 BY THE WITNESS:

15 A. It says the ALJ consolidated the seven  
16 cases, yes.

17 BY MR. MOUGEY:

18 Q. So, let's continue now on page 2 of 13,  
19 at the bottom there. We just went through the  
20 first paragraph before we went into the e-mail  
21 version.

22 The second sentence, "Furthermore,  
23 Walgreens acknowledges that certain Walgreens  
24 retail pharmacies did on some occasions dispense

1 certain controlled substances in a manner not fully  
2 consistent with its compliance obligations under  
3 the CSA," Controlled Substance Act.

4 Did I read that right?

5 A. Yes.

6 Q. "And its implementing regulations," and  
7 it cites 21 CFR Part 1300.

8 Do you see that?

9 A. Yes.

10 Q. And it goes on, "Finally, Walgreens  
11 acknowledges that its recordkeeping practices  
12 regarding the dispensing of controlled substances  
13 from certain retail pharmacies utilizing its CPO  
14 facilities as central-fill pharmacies did not  
15 require such original prescriptions to be marked  
16 'Central Fill.'"

17 Do you see that?

18 A. Yes.

19 Q. Okay. So, when you come on now and  
20 you're at Walgreens six months with Pharmaceutical  
21 Integrity, was there any sense of urgency in the  
22 department to say what were we doing from our  
23 distribution center that warranted these cases  
24 being brought and what can we do differently going

1 forward?

2 MS. SWIFT: Object to the form, foundation.

3 BY THE WITNESS:

4 A. Not that I recall.

5 BY MR. MOUGEY:

6 Q. Did anyone at Walgreens walk you through  
7 the specifics of this significant amount paid by  
8 Walgreens and where the problems were?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. Can you clarify what you mean by "the  
12 specifics," because I did not walk through or get a  
13 walk-through for these pages that you're showing me  
14 here.

15 BY MR. MOUGEY:

16 Q. Okay. Well, then let's walk through  
17 them.

18 So, on page 3 of 13, you see at the very  
19 bottom of the page, (2), under "Distribution  
20 Centers"?

21 A. Yes.

22 Q. And it says, "Failure regarding any  
23 Distribution Center to maintain effective controls  
24 against the diversion of controlled substances into

1 other than legitimate medical, scientific and  
2 industrial channels, as required by," it cites to  
3 the U.S. Code.

4 Do you see that?

5 A. Yes.

6 Q. And that's what's defined under  
7 paragraph 2 is "Covered Conduct"?

8 A. Yes.

9 Q. And that paragraph underneath paragraph  
10 2 continues on page 4 of 13, "The covered conduct  
11 includes any failures to conduct adequate due  
12 diligence to ensure that controlled substances were  
13 not diverted into other than legitimate channels on  
14 or before the effective date of this Agreement."

15 Do you see that as part of the  
16 definition of covered conduct?

17 A. Yes.

18 Q. And paragraph 3, "Failure regarding any  
19 distribution center to timely detect and report  
20 suspicious orders of controlled substances as  
21 required again by the U.S. Code."

22 Do you see that?

23 A. Yes.

24 Q. And that's part of the covered conduct

1 of this agreement and the distribution center,  
2 correct?

3 A. Yes.

4 Q. No. 4, "Distributing controlled  
5 substances to pharmacies by any distribution center  
6 that the distribution center knew or should have  
7 known were engaged in any of the covered conduct  
8 listed in Section 1.2.b of this Agreement on or  
9 before the effective date."

10 That's part of the covered conduct,  
11 correct?

12 A. That's what it says under, yes.

13 Q. And paragraph 5 is, "Failure regarding  
14 any Distribution Center to make complete and  
15 accurate ARCOS reports, on or before the effective  
16 date."

17 Do you know what an ARCOS report is?

18 A. I've heard the term.

19 Q. But you're not familiar with what the  
20 acronym stands for?

21 A. No.

22 Q. Do you understand what the function of  
23 ARCOS is?

24 A. I can't recall right now.



1 Q. Does it even ring a bell generally?

2 A. I have heard the term "ARCOS."

3 Q. Other than knowing -- just heard the  
4 term at some point, you don't know what it stands  
5 for?

6 A. Not right now.

7 Q. And I asked what it stands for. Let me  
8 broaden that up.

9 You don't even know what ARCOS is other  
10 than just heard the term before, right?

11 A. I can't recall right now.

12 Q. If you turn the page to 5 of 13, very  
13 bottom of the page under "Terms and Conditions,  
14 Obligations of Walgreens Distribution Centers."

15 A. Which number?

16 Q. 1.

17 A. Got it.

18 Q. Let's go to C. Do you see 1.c, it  
19 begins with "Walgreens agrees" under the "Terms and  
20 Conditions"?

21 A. Yes.

22 Q. "Walgreens agrees to the surrender of  
23 Walgreens Jupiter's DEA registration," gives a  
24 number, "for controlled substances Schedules II

1 through V until September 13, 2014."

2 Were you aware during your training at  
3 Walgreens that Walgreens was surrendering its  
4 Jupiter DEA registration for controlled substances  
5 II through V?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. I can't recall if I was aware at the  
9 time or not.

10 BY MR. MOUGEY:

11 Q. Do you recall at any point in time being  
12 informed by Walgreens that it was surrendering its  
13 distribution centers registration for controlled  
14 substances II through V?

15 A. I may have been notified. I just can't  
16 recall at what point in time.

17 Q. Or that you don't even recall being  
18 told?

19 A. I don't remember, no.

20 Q. Yeah. Page 6 of 13, "Walgreens agrees  
21 to the surrender of DEA registrations to dispense  
22 controlled substances II through V," and it lists  
23 six facilities and I'm in paragraph E.

24 Do you see that?

1 A. Yes.

2 Q. Were you aware during your tenure in  
3 2013 that your employer had surrendered six of its  
4 pharmacy registrations and its ability to dispense  
5 Schedule II through V prescription opiates?

6 A. Yes.

7 Q. You were?

8 A. Yes.

9 Q. And when did you become aware of that?

10 A. I don't remember exactly when.

11 Q. Was there a -- some training mechanism  
12 where you and the rest of the Pharmaceutical  
13 Integrity group kind of went through about what  
14 happened when and how do we not repeat our  
15 failures?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. No.

19 BY MR. MOUGEY:

20 Q. Did you know specifically what the  
21 problems were that Walgreens had agreed to suspend  
22 its DEA registration for its six retail pharmacies  
23 and its ability to distribute Schedule II through  
24 V?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. Not specifically, no.

4 MS. SWIFT: We have been going for like an  
5 hour and a half. Can we get to a breaking point in  
6 a minute?

7 MR. MOUGEY: Sue. We can stop there if you  
8 want because I have a little ways to go with this  
9 document.

10 THE VIDEOGRAPHER: Going off the record at  
11 2:32.

12 (WHEREUPON, a recess was had  
13 from 2:32 to 2:45 p.m.)

14 THE VIDEOGRAPHER: We're back on the record at  
15 2:45.

16 BY MR. MOUGEY:

17 Q. On page 7 of the document, the title at  
18 the top of the page, "Walgreens General  
19 Obligations."

20 Do you see that?

21 A. Yes.

22 Q. And under paragraph C that Walgreens  
23 agreed to pay the United States \$80 million?

24 A. I see that.

1 Q. What does that amount, \$80 million, tell  
2 you about the significance of this agreement?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I can't speculate.

6 BY MR. MOUGEY:

7 Q. I'm asking you what it tells you. I'm  
8 not asking you to speculate. What does it tell  
9 you?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. I know \$80 million is a lot of money.

13 BY MR. MOUGEY:

14 Q. And as a Walgreens employee, what does  
15 the \$80 million, a lot of money, tell you about the  
16 significance of Walgreens' conduct covered in this  
17 agreement?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. I can't speculate what that \$80 million  
21 means.

22 BY MR. MOUGEY:

23 Q. Does it indicate to you, the  
24 \$80 million, the significant fine, does that

1 indicate the significant violations of Walgreens'  
2 conduct in regard to its obligations under the  
3 Controlled Substance Act, does it tell you how  
4 important, how large those violations were?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I can't speculate.

8 BY MR. MOUGEY:

9 Q. When you started at Walgreens in  
10 January of 2013, did anyone relay to you that there  
11 were several open cases with the DEA regarding  
12 dispensing and distribution violations?

13 A. No, not that I recall.

14 Q. Don't you think that would have been  
15 important in your day-to-day job, identifying  
16 suspicious orders, to know that Walgreens had seven  
17 significant violations -- I'm sorry -- seven  
18 significant investigations ongoing when you  
19 started?

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. I don't know if it would have been  
23 important at the time. My job was to basically  
24 train our team and ensure that we were reporting

1 suspicious orders.

2 BY MR. MOUGEY:

3 Q. You don't know whether the fact that  
4 Walgreens was being investigated by the DEA in  
5 seven different cases would have been important to  
6 understand where the holes in the system were?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. For my job, to make sure that we were  
10 reviewing all our flagged orders and reporting  
11 orders suspicious, if they were suspicious, and  
12 making sure that our pharmacists understood their  
13 responsibility and our Good Faith Dispensing  
14 policy, I don't know that that would have been --

15 Q. That wouldn't have been important --

16 MS. SWIFT: Let her finish her answer.

17 BY MR. MOUGEY:

18 Q. That wouldn't have been important to  
19 you?

20 MS. SWIFT: Let her finish her answer.

21 BY THE WITNESS:

22 A. I don't know if it would have made a  
23 difference for my job.

24 BY MR. MOUGEY:

1           Q.     Did you ever take a test in your seven  
2     years of college or graduate school and Doctorate  
3     program where "I wish I would have done that  
4     differently" and then gone back, went back the next  
5     time and changed your practices?

6           MS. SWIFT:   Object to the form.

7     BY THE WITNESS:

8           A.     Would I wish I would have answered the  
9     question differently on a test in school?   Yes.

10    BY MR. MOUGEY:

11          Q.     Or that you, the way you were studying  
12     and the way you were implementing the curriculum  
13     for your own day to day was maybe not the best way  
14     and you went back later and changed it?

15          A.     Possibly.

16          Q.     You wouldn't think here that when you  
17     came on board at Walgreens to know that there had  
18     been open investigations for years before you  
19     started, some sort of self-evaluation about what we  
20     did wrong or what was wrong and what we could do  
21     better going forward, that wouldn't have been  
22     important to you as part of your job identifying  
23     suspicious orders and reporting them to the DEA?

24          MS. SWIFT:   Object to the form.



1 BY THE WITNESS:

2 A. For my job to train our team and make  
3 sure that we were reviewing flagged orders, I don't  
4 know that that would have made a difference to the  
5 role that I was in or at the time in 2013 and now.

6 BY MR. MOUGEY:

7 Q. Under paragraph 4, "Obligations of the  
8 DEA." Section b, "Within five business days of the  
9 effective date of this agreement, DEA agrees to  
10 unlock the controlled substances storage area of  
11 Walgreens Jupiter and make its contents available  
12 to Walgreens for any lawful transfer or reverse  
13 distribution of the inventory contained therein to  
14 an appropriate DEA registrant."

15 Did I read that right?

16 A. Yes.

17 Q. So, you're telling this jury that the  
18 first several months you were at Walgreens before  
19 this agreement was reached, you don't think it  
20 would be important to know why the DEA locked the  
21 controlled substance storage area at the Walgreens  
22 Jupiter distribution center?

23 MS. SWIFT: Object to the form.

24 BY THE WITNESS:

1           A.       For my job, I was tasked to ensure that  
2       we were reporting suspicious orders and reviewing  
3       all the flagged orders.

4       BY MR. MOUGEY:

5           Q.       But you --

6           A.       I don't know --

7           MS. SWIFT: Let her finish her answer.

8       BY THE WITNESS:

9           A.       I don't know that it would have made a  
10      difference in my job day to day.

11      BY MR. MOUGEY:

12          Q.       If you go back to the stipulation and  
13      agreement on page 2 of 3 that "Walgreens  
14      acknowledges that suspicious order reporting per  
15      distribution center" --

16          MS. SWIFT: She is still getting there.

17      BY MR. MOUGEY:

18          Q.       Are you there?

19          A.       Yes.

20          Q.       "Walgreens acknowledges that suspicious  
21      order reporting for distribution to certain  
22      pharmacies."

23                   Now, that's what you were doing, right?

24          MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. My team was tasked to report suspicious  
3 orders.

4 BY MR. MOUGEY:

5 Q. That's right. That's the same conduct  
6 that's covered under the stipulation and agreement.  
7 Correct?

8 MS. SWIFT: Object to the form, foundation.

9 BY THE WITNESS:

10 A. I don't know that to be true.

11 BY MR. MOUGEY:

12 Q. Similar scope of responsibility, similar  
13 job description. You were in charge of suspicious  
14 order identification and reporting, right?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. My job was to report suspicious orders.

18 BY MR. MOUGEY:

19 Q. And part of the conduct that's part of  
20 this stipulation and agreement is suspicious order  
21 reporting for distribution centers, correct?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. It says, "Walgreens acknowledges that

1 suspicious order reporting for distribution to  
2 certain pharmacies did not meet standards."

3 Yes, I see that.

4 BY MR. MOUGEY:

5 Q. Right. And identifying suspicious  
6 orders is what you went to work every day and that  
7 was your job, right?

8 A. Yes.

9 Q. And Walgreens is agreeing to a  
10 significant fine covering very similar conduct that  
11 you were charged with fulfilling on a day-to-day  
12 basis, right?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. I don't know that to be true. I haven't  
16 read all 343 pages.

17 BY MR. MOUGEY:

18 Q. Well, just the general description --

19 A. I don't know.

20 Q. -- of suspicious orders is your general  
21 job responsibility, right?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. My responsibility is reporting

1 suspicious orders, yes.

2 BY MR. MOUGEY:

3 Q. And you would have absolutely -- you'd  
4 place no importance on understanding what the  
5 failures were identified in this agreement and  
6 incorporating those lessons learned into your  
7 day-to-day responsibility at Walgreens going  
8 forward?

9 MS. SWIFT: Objection; mischaracterizes the  
10 testimony and assumes facts.

11 BY THE WITNESS:

12 A. My responsibility was to make sure that  
13 we were following the requirements and part of this  
14 document related to Pharmaceutical Integrity and  
15 our team, yes. Not on this page.

16 BY MR. MOUGEY:

17 Q. But the question I asked was a little  
18 different.

19 You would place no importance on  
20 understanding what the failures that were  
21 identified in this agreement and incorporating  
22 those lessons learned into your day-to-day  
23 responsibility at Walgreens going forward?

24 MS. SWIFT: Object to the form,

1 mischaracterizes the testimony and assumes facts.

2 BY THE WITNESS:

3 A. I don't know what lessons learned are in  
4 this document. My responsibility was to report  
5 suspicious orders.

6 BY MR. MOUGEY:

7 Q. I recognize that you don't understand  
8 what lessons learned were in this document because  
9 you've never reviewed it in detail, right?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. I have not read this document --

13 BY MR. MOUGEY:

14 Q. And no one --

15 A. -- from page to page.

16 MS. SWIFT: Let her finish her answer.

17 MR. MOUGEY: I understand and as soon as she  
18 starts talking I stop. I don't understand when  
19 she's finished and not.

20 BY MR. MOUGEY:

21 Q. So, as soon as you're not done, if  
22 you're not done, just please tell me and I'll stop.  
23 But when you stop, I start talking. I'm not trying  
24 to interrupt you. So, if you're not finished, just

1 let me know. Okay?

2 A. Okay.

3 Q. So, you mean to tell me 343 pages of  
4 lessons learned and no one from Walgreens ever sat  
5 down and said, "Hey, here's the document, here's --  
6 here's what we've -- here's the lessons learned  
7 from this document. Here's what we can do better  
8 going forward." No one ever sat you down and  
9 walked you through that?

10 MS. SWIFT: Object to the form,  
11 mischaracterizes the document.

12 BY THE WITNESS:

13 A. I walked through a handful of pages in  
14 this document, yes.

15 BY MR. MOUGEY:

16 Q. And the question that I asked you wasn't  
17 whether you walked through a handful. Let's do it  
18 a third time.

19 So, 343 pages of lessons learned and no  
20 one from Walgreens ever sat your team down and  
21 said, "Here's what we've learned from this  
22 document. Here's what we can do better going  
23 forward." No one ever sat you down and walked you  
24 through anything similar to that?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. We sat down and talked through the  
4 requirements that were in this document related to  
5 Pharmaceutical Integrity.

6 BY MR. MOUGEY:

7 Q. And how were those -- how were those  
8 relayed to you? In what format?

9 A. We sat down and went through each item  
10 in the document.

11 Q. So, did you look through -- I'm sorry.  
12 You went through -- your answer before was,  
13 "I walked through a handful of pages in this  
14 document."

15 So, did you walk through a handful of  
16 pages or did you walk through this document in  
17 detail and figure out what lessons Walgreen had  
18 learned and incorporate those into your day-to-day  
19 responsibilities as you got started at Walgreens?

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. We at Walgreens and Rx Integrity walked  
23 through a few of the pages in this document  
24 requiring specific things related to the



1     Pharmaceutical Integrity team.

2     BY MR. MOUGEY:

3             Q.     Pharmaceutical Integrity is responsible  
4     for good faith dispensing at the pharmacy level,  
5     right?

6             A.     Yes.

7             Q.     And the pharmaceutical team is  
8     responsible for identifying suspicious orders from  
9     the distribution centers, right?

10            MS. SWIFT: Object to the form.

11     BY THE WITNESS:

12            A.     We were responsible, yes.

13     BY MR. MOUGEY:

14            Q.     And nobody thought it was important to  
15     go through this document in detail and go through  
16     issue by issue and kind of a lessons learned type  
17     strategy going forward?

18            MS. SWIFT: Object to the form.

19     BY THE WITNESS:

20            A.     I don't know if anybody thought it was  
21     important.

22     BY MR. MOUGEY:

23            Q.     But in your group no one went through it  
24     in that kind of detail?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. Not every single page in this document,  
4 no.

5 BY MR. MOUGEY:

6 Q. Nothing more than a handful of pages as  
7 you referenced earlier, correct?

8 A. The pages related to our team in  
9 Pharmaceutical Integrity and what was required of  
10 us, yes.

11 Q. All 343 pages pertained to one  
12 dispensing and, two, distribution centers and  
13 suspicious orders, correct?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. I don't know.

17 MS. SWIFT: Do you want her to look at the  
18 whole 343 pages?

19 BY THE WITNESS:

20 A. I haven't read this whole document. I  
21 don't know.

22 MS. SWIFT: For the record you've already  
23 made -- you've already said earlier this is  
24 multiple documents. If you want to talk about

1     which part of the document you're talking about,  
2     but you're misrepresenting the document.

3     BY MR. MOUGEY:

4             Q.     Do you see the "Procedural Background"  
5     in 1 through 7? I mean 1 through 10. I'm sorry.  
6     Right?

7             A.     Yes.

8             Q.     All dispensing and distribution centers,  
9     correct?

10            MS. SWIFT: Object to the form.

11     BY THE WITNESS:

12            A.     I don't know if they're related to all  
13     dispensing and distribution centers. I see Jupiter  
14     and I see some DEA numbers in some of these items,  
15     yes.

16     BY MR. MOUGEY:

17            Q.     Let's do it like this. Here we are,  
18     2018. 343 pages, significant fine, and you don't  
19     know the specifics about what's in this document.  
20     Is that a fair way to do it?

21            MS. SWIFT: Object to the form,  
22     mischaracterizes the documents.

23     BY THE WITNESS:

24            A.     I know what was important to my team and

1     what we needed to know for our job functions  
2     related to Rx Integrity.

3     BY MR. MOUGEY:

4             Q.     But if you haven't reviewed the entire  
5     document, how do you know what pieces are important  
6     to your team?

7             A.     It specifically calls out our team and  
8     Rx Integrity in the document.

9             Q.     You think that this document covers the  
10    conduct of Pharmaceutical Integrity and that's the  
11    reason for the significant fine?

12            MS. SWIFT:   Object to the form.

13    BY THE WITNESS:

14            A.     No.

15            MS. SWIFT:   Mischaracterizes the testimony.

16    BY MR. MOUGEY:

17            Q.     Your testimony was, "It specifically  
18    calls out our team and Rx Integrity in the  
19    document."

20                    Why don't we go to page 11.   Do you see  
21    "Addendum:   Prospective Compliance"?

22            A.     Yes.

23            Q.     "A.   General.   1.   Walgreens will  
24    maintain a Department of Pharmaceutical Integrity,

1 composed of personnel with pharmacy-related  
2 training and managerial personnel, who shall be  
3 trained in relevant diversion-related issues, to  
4 coordinate compliance efforts related to controlled  
5 substances."

6 That's you, right?

7 A. Yes.

8 Q. So, when you said Pharmaceutical  
9 Integrity was called out in this document, is that  
10 what you're referencing?

11 A. Yes.

12 Q. Any other recollection of Pharmaceutical  
13 Integrity being referenced in this document?

14 A. No.

15 Q. So, when you say that we went through  
16 this document in sections that called out  
17 Pharmaceutical Integrity, that's what you're  
18 referencing on page 11 under "Addendum:  
19 Prospective Compliance," correct?

20 A. Yes.

21 Q. Who was the dedicated contact person for  
22 the DEA as elaborated on in Section A of page 11?

23 MS. SWIFT: Object to form.

24 BY THE WITNESS:

1           A.       We created a dedicated e-mail address  
2     for the DEA.

3     BY MR. MOUGEY:

4           Q.       And what was that?

5           A.       It was DEArerecordsrequest@Walgreens.com.

6           Q.       And who had access to the  
7     DEArerecordsrequest@Walgreens.com?

8           A.       Our team, Rx Integrity, and Tasha.

9           Q.       Tasha Polster, right?

10          A.       Yes.

11          Q.       So, it's essentially Pharmaceutical  
12     Integrity?

13          A.       Yes.

14          Q.       The e-mail that you mentioned earlier,  
15     the e-mail address that was a group e-mail that  
16     was -- that was RxIntegrity@Walgreens.com, who had  
17     access to that e-mail address?

18          A.       Our team, Rx Integrity.

19          Q.       Anybody else outside of your team had  
20     access?

21          A.       Not that I know of.

22          Q.       Anybody else outside of your team have  
23     access to the DEA e-mail?

24          A.       Not that I know of.

1           Q.       So, when the DEA says, "Within one month  
2       of the effective date of this agreement Walgreens  
3       will identify a dedicated contact point," and it  
4       says, "(including a dedicated e-mail address) for  
5       DEA within the Department of Pharmaceutical  
6       Integrity to facilitate Walgreens' responses to DEA  
7       requests for information and documents,  
8       specifically including responses to requests for  
9       dispensing log data and" -- I never can pronounce  
10      that.

11          A.       Pseudoephedrine.

12          Q.       Thank you. Data. That was a dedicated  
13      e-mail address that Walgreens decided to comply  
14      with that?

15          A.       That was the dedicated e-mail address,  
16      DEAreCORDSrequest.

17          Q.       If you would turn to page 23, "Order to  
18      Show Cause and Immediate Suspension of  
19      Registration."

20                   Are you there?

21          A.       Yes.

22          Q.       Okay. Do you see the date at the top?

23          A.       Yes.

24          Q.       Why don't you read that date out loud.

1 A. September 13, 2012.

2 Q. That's within three months of you  
3 starting at Walgreens, correct?

4 A. Yes.

5 Q. And the title of this page 23, "Order to  
6 Show Cause and Immediate Suspension of  
7 Registration."

8 Do you see that?

9 A. Yes.

10 Q. And we were -- when we were going  
11 through the applicable U.S. Code earlier, you  
12 recall that the Department of Justice and, more  
13 specifically, the DEA had the ability to  
14 immediately suspend a distribution center if that  
15 registration constituted an imminent danger to the  
16 public health and safety. Do you recall that?

17 MS. SWIFT: Objection; lacks foundation.

18 BY THE WITNESS:

19 A. When we were going through earlier, no,  
20 I don't.

21 BY MR. MOUGEY:

22 Q. Do you see in the first paragraph under  
23 "Notice"?

24 A. Yes.



1           Q.       That "because such registration  
2       constitutes an imminent danger to the public health  
3       and safety"?

4           A.       Yes.

5           Q.       Wouldn't you have liked to have known  
6       that the DEA believed that one of the distribution  
7       centers for Schedule II to V opiate prescriptions  
8       constituted an imminent danger to the public health  
9       and safety when you got started?

10          MS. SWIFT:   Object to the form.

11       BY THE WITNESS:

12          A.       I don't know that I would have liked to  
13       know at the time as my role was really to start up  
14       the team and make sure that we were training the  
15       team.

16       BY MR. MOUGEY:

17          Q.       That wouldn't have been important to you  
18       either?

19          A.       I don't know if I would have liked to  
20       know if it would have changed --

21          Q.       Do you know of any other --

22          A.       -- my job.

23          Q.       Do you know if any other distribution  
24       centers had received subpoenas or under

1 investigation from the DEA when you started or  
2 shortly thereafter?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. No.

6 BY MR. MOUGEY:

7 Q. But you don't even know which  
8 distribution centers, sitting here in late 2012,  
9 early 2013, were responsible for distributing  
10 Schedule II and III opiate prescriptions?

11 A. I think I know sitting here today that  
12 it was Jupiter and seeing this and Perrysburg, and  
13 that's what I can recall.

14 Q. And Woodland, California?

15 A. Yes, and Woodland.

16 Q. There's three?

17 A. Yeah.

18 Q. So, one of them, according to the DEA,  
19 constituted an imminent danger to the public health  
20 and safety within a couple months of you starting  
21 but no one informed you of that fact, correct?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. No, not when I started.

1 BY MR. MOUGEY:

2 Q. And you mentioned Perrysburg. How are  
3 you familiar with Perrysburg?

4 A. Perrysburg holds our power of attorney.  
5 So, they are the ones that actually execute the  
6 C-II orders for our stores, for all our stores.

7 Q. After Jupiter was shut down?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. I don't know if Perrysburg was doing it  
11 after or before. I know that they're doing it now.

12 BY MR. MOUGEY:

13 Q. Are you aware that Perrysburg also  
14 received subpoenas from the DEA in early '13?

15 A. From the deposition prep.

16 Q. Just from the deposition prep, but not  
17 while you were employing your functions as  
18 identifying suspicious orders for Walgreens in  
19 early 2013?

20 A. Not that I recall.

21 Q. Would that have been good to know, that  
22 Perrysburg had received subpoenas from the DEA in  
23 early '13 when you were identifying suspicious  
24 orders?

1 MS. SWIFT: Object to the form,  
2 mischaracterizes the testimony.

3 BY THE WITNESS:

4 A. I think at the time what -- I don't know  
5 if I would have liked to know as it wouldn't have  
6 changed the role of me training our team and  
7 ensuring that we are reporting suspicious orders,  
8 reviewing flagged orders and doing the other tasks  
9 that were part of my job.

10 BY MR. MOUGEY:

11 Q. If the DEA is firing off subpoenas, does  
12 that -- does that -- is that an indicia of "I ought  
13 to look a little harder at Perrysburg" in your job  
14 day to day and what you're doing?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. I don't know what you mean by looking at  
18 a little harder.

19 BY MR. MOUGEY:

20 Q. Well, I mean, you're --

21 A. We get subpoenas today, every day from  
22 the DEA. I don't know what you mean.

23 Q. No big deal?

24 A. They're a big deal in that we have to

1     respond to them, yes, absolutely, and within two  
2     business days.

3           Q.     Similar answer with the \$80 million  
4     fine?

5           MS. SWIFT:   Object to the form.

6     BY THE WITNESS:

7           A.     I don't know what the question is.

8     BY MR. MOUGEY:

9           Q.     We get them every day.  No big deal.  We  
10    didn't have to go through the 343 pages.  It  
11    really -- just the one page that referred to us in  
12    Pharmaceutical Integrity, that's what we looked at.  
13    Is that similar?

14          A.     No.

15          MS. SWIFT:   Object to the form of the  
16    question.

17    BY MR. MOUGEY:

18          Q.     If you would, please, turn to page 27.  
19    Actually, let me stop.  I'm sorry.  I skipped a  
20    section.

21                   On page 25.  Do you see at the bottom,  
22    under paragraph 7, about four or five lines up that  
23    begins with "Walgreens knew or should have known"?

24          A.     Is it under No. 6 or 7?

1 Q. 7.

2 A. Yes, I see that.

3 Q. "Walgreens knew or should have known  
4 about their obligations to report suspicious orders  
5 as such obligations were spelled out in detail in  
6 three letters from DEA's Deputy Assistant Director,  
7 Office of Diversion Control, sent to every  
8 registered manufacturer and distributor, including  
9 Respondent, on September 27, 2006, February 7,  
10 2007, and December 27, 2007. The purpose and  
11 proper implementation of suspicious order reporting  
12 programs was further discussed in the industry's  
13 own trade organization, the Healthcare Distribution  
14 Management Association, in 'Industry Compliance  
15 Guidelines: Reporting Suspicious Orders and  
16 Preventing Diversion of Controlled,' published in  
17 2008."

18 Did I read that right?

19 A. Yes.

20 Q. Were any of those documents that I just  
21 referenced provided to you as part of your training  
22 for identifying suspicious orders and then  
23 reporting them to the DEA?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. No, I don't recall receiving them.

3 BY MR. MOUGEY:

4 Q. Any of them?

5 A. I don't recall receiving them.

6 Q. But you'd agree that the DEA letters and  
7 the trade association's material referenced in  
8 page 25 and 26 of this exhibit are or would have  
9 been helpful tools for understanding your role  
10 identifying suspicious orders and reporting them to  
11 the DEA, correct?

12 A. No.

13 Q. No, you don't agree that they would be  
14 helpful, or -- or no, you didn't get them?

15 A. I don't think that it would have changed  
16 my job in Rx Integrity.

17 Q. Isn't it kind of hard to say that  
18 without ever seeing them?

19 A. Well, I've seen them now.

20 Q. That wouldn't have been helpful. But  
21 you haven't seen the HDMA materials, right?

22 A. No, I have not.

23 MS. SWIFT: Object to the form.

24 BY MR. MOUGEY:

1 Q. You haven't seen the Industry Compliance  
2 Guidelines, right?

3 A. No.

4 Q. But sitting here you can tell this jury  
5 you're pretty sure that they wouldn't have been  
6 helpful in fulfilling your obligations, identifying  
7 suspicious orders and reporting them to the DEA,  
8 right?

9 A. Since I have not seen them, I don't know  
10 if they would have been helpful or not.

11 Q. Right. So, the answer is not --

12 A. But the letters in part I have seen.

13 Q. You have seen?

14 A. Well, you just showed them to me.

15 Q. Sure. But I'm not talking in 2018. I'm  
16 talking about back in 2013 when you started, these  
17 would have been good tools to help you understand  
18 what your -- what your day-to-day responsibilities  
19 were with identifying suspicious orders and  
20 reporting those to the DEA, right?

21 A. I don't know that it would have changed  
22 my job and responsibilities --

23 Q. But you --

24 A. -- back in 2013.



1 Q. But you --

2 A. For those letters.

3 Q. But you don't know because you never saw  
4 them?

5 MS. SWIFT: Object to the form,  
6 mischaracterizes the testimony.

7 BY THE WITNESS:

8 A. I don't know because I did not see the  
9 letters at that time.

10 BY MR. MOUGEY:

11 Q. You didn't see the letters or you didn't  
12 see the industry trade organization material,  
13 correct?

14 A. I did not.

15 Q. If you would, please, turn to page 27.  
16 And you were -- you were a practicing pharmacist at  
17 one point in your career, correct?

18 A. Yes.

19 Q. And, so, like if I go to Walgreens and  
20 pick up a prescription, that's when I'm interacting  
21 usually with a technician or someone licensed  
22 behind the counter, that would have been you,  
23 right?

24 A. Yes.

1           Q.       And Good Faith Dispensing places a  
2       significant obligation on the pharmacist to  
3       identify specific red flags with individuals trying  
4       to fill prescriptions, right?

5           A.       Good Faith Dispensing, our Good Faith  
6       Dispensing, Walgreens' Good Faith Dispensing policy  
7       does make note of red flags and the pharmacist to  
8       be aware of red flags when dispensing a  
9       prescription.

10          Q.       And when someone -- if there is a red  
11       flag and the kind of front line, so to speak, is  
12       the pharmacist and his or her decision of whether  
13       or not to fill that prescription, correct?

14          MS. SWIFT:   Object to the form.

15       BY THE WITNESS:

16          A.       It's the pharmacist's decision. They  
17       must use their professional responsibility using  
18       their best judgment in determining whether the  
19       prescription is legitimate to fill using their  
20       corresponding responsibility.

21       BY MR. MOUGEY:

22          Q.       During your training at Walgreens have  
23       you seen any evidence or indicia that Walgreens  
24       pharmacists were concerned about their safety when

1 making the decision to not fill a prescription of  
2 Schedule II and III opiates?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. Can you clarify "safety."

6 BY MR. MOUGEY:

7 Q. They were afraid to walk to the car.

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. That I don't recall.

11 BY MR. MOUGEY:

12 Q. That you had individuals that had  
13 examples of individuals that had picked up opiate  
14 prescriptions at Walgreens pharmacies and were  
15 smoking the pills in the bathroom?

16 A. That --

17 Q. Never heard of that?

18 A. I don't recall.

19 Q. Would that have been a useful tool when  
20 helping discern what a suspicious order was and  
21 when to report it to the DEA?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. It's up to our pharmacists to determine

1     whether each prescription is legitimate. So, they  
2     have to follow our Good Faith Dispensing policy and  
3     they have to resolve any red flags that they  
4     identify and they have to document it before they  
5     fill it. And if they don't feel that it's in their  
6     best professional judgment to fill the  
7     prescription, they have the right to refuse the  
8     prescription.

9     BY MR. MOUGEY:

10           Q.     And if they refuse that prescription and  
11     there is a drug seeker on the opposite end of the  
12     counter, you can understand why that might cause  
13     the pharmacist pause for concern if he or she was  
14     worried about their safety, correct?

15           MS. SWIFT: Object to the form.

16     BY THE WITNESS:

17           A.     I don't know the nature of that  
18     interaction with the pharmacist and the patient and  
19     what the patient would do to make that pharmacist  
20     feel not safe. I don't know.

21     BY MR. MOUGEY:

22           Q.     So, you haven't -- you haven't seen any  
23     indication that any pharmacist within Walgreens  
24     operations were scared to walk to the car after

1     their shift?

2           A.     I can only speculate. I don't know.

3           Q.     I'm not asking you to speculate. I'm  
4     saying you're not aware of any examples of  
5     Walgreens pharmacists scared to walk to their car  
6     after their shift?

7           A.     Not that I can recall.

8           Q.     You're not aware of any drug deals being  
9     conducted in Walgreens' parking lot after someone  
10    filled their prescription of a Schedule II or III  
11    opiate?

12          A.     Personally?

13          Q.     Yes.

14          A.     Not that I can recall, no.

15          Q.     When I say "personally," I mean anyone  
16    reporting that to you in Pharmaceutical Integrity.

17          A.     Not at this point that I can recall.

18          Q.     Sitting here, do you recall any  
19    instances where there was any reports that  
20    Walgreens had individuals smoking prescription  
21    opiates in the restroom facilities at Walgreens  
22    after filling their prescription?

23          A.     Not that I can recall at this time, no.

24          Q.     At any point in time during your tenure

1 at Walgreens did you reduce an order so it would  
2 not or no longer be deemed suspicious?

3 A. No.

4 Q. Did -- was there a mechanism at  
5 Walgreens at any point in time you were familiar  
6 with that an incoming order could be reduced to a  
7 certain threshold and then Walgreens deem that  
8 order not suspicious?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. Can you repeat that.

12 BY MR. MOUGEY:

13 Q. At any point in time when you were at  
14 Walgreens were you aware that there were any  
15 policies where orders could be reduced below  
16 certain thresholds and not deemed suspicious and,  
17 as a result, weren't reported to the DEA?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. No.

21 BY MR. MOUGEY:

22 Q. Do you think that the suspicious order  
23 reporting requirement under the U.S. Code and the  
24 regs thereunder are only for orders or for

1 shipments?

2 MS. SWIFT: Object to the form, foundation.

3 BY THE WITNESS:

4 A. I don't know.

5 BY MR. MOUGEY:

6 Q. Do you understand what the word  
7 "systemic" means?

8 A. Yes.

9 Q. What does the word "systemic" mean to  
10 you?

11 A. So, I think widespread.

12 Q. So, if there were systemic shortcomings  
13 at Walgreens with its system to identify suspicious  
14 reports and reporting those to the DEA, that would  
15 mean across the company, correct?

16 MS. SWIFT: Object to the form, vague,  
17 foundation.

18 BY THE WITNESS:

19 A. I think widespread, that's what systemic  
20 means.

21 BY MR. MOUGEY:

22 Q. All right. Let's just -- let's turn to  
23 page 33, paragraph 23. That begins with "Voluntary  
24 dispensing."

1 Do you see that?

2 A. Yes.

3 Q. And do you see the word "systemic" in  
4 the third line?

5 A. Yes.

6 Q. And I'm going to replace "systemic" with  
7 your word of "widespread," and you tell me if that  
8 sentence is accurate.

9 "Voluntary dispensing restrictions  
10 enacted either in anticipation of, or in reaction  
11 to regulatory action, do not indicate to me that  
12 Respondent and its parent company have recognized  
13 and adequately reformed the widespread shortcomings  
14 discussed herein."

15 So, other than the replacement of  
16 "widespread" into "systemic," did I read that  
17 sentence correctly?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. You read the sentence correctly, yes.

21 BY MR. MOUGEY:

22 Q. Do you believe it would have been  
23 important for you to know that the DEA believed  
24 there were widespread shortcomings within



1 Walgreens' suspicious ordering system and the  
2 reports, subsequent reports to the DEA?

3 A. I don't know that it would have changed  
4 my job and the responsibilities of my job, which  
5 was to report suspicious orders and flagged orders,  
6 reviewing flagged orders at the time.

7 Q. And, again, I'm confused. If the DEA is  
8 saying that there is systemic widespread  
9 shortcomings in a system that you're operating in,  
10 you wouldn't have wanted to know that when you  
11 started at Walgreens in early 2013 through the  
12 summer of 2013, that there were potential problems  
13 in the system you were operating?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. I don't know what this is -- what time  
17 frame this is exactly referring to. But when I was  
18 working in Rx Integrity and when we were managing  
19 our processes and reviewing orders and approving or  
20 not approving orders through CSO KPI, I don't know  
21 that I would have needed to know that.

22 BY MR. MOUGEY:

23 Q. Can you go down to the sentence in the  
24 right-hand side that says, "I gave significant

1 weight."

2 Do you see where I am?

3 A. Yes.

4 Q. "I gave significant weight to the fact  
5 that Walgreens appears to have deliberately  
6 structured certain of its anti-diversion measures  
7 to avoid learning about and/or documenting evidence  
8 consistent with diversion."

9 Do you see that sentence?

10 A. Yes.

11 Q. "At best, I regard this as deliberate  
12 indifference on Walgreens' part as its obligations  
13 as a DEA registrant."

14 Do you believe the DEA's concerns about  
15 Walgreens' indifference would have been important  
16 for you to know as you were implementing your job  
17 responsibilities identifying suspicious orders and  
18 reporting them to the DEA?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. I don't know this to be true. So, no, I  
22 don't know.

23 BY MR. MOUGEY:

24 Q. But you wouldn't have wanted to know

1       that the DEA had concerns?

2               MS. SWIFT:   Same objection.

3       BY THE WITNESS:

4               A.       Again, I don't know that it would have  
5       changed my role and my job responsibilities in  
6       reporting suspicious orders.

7       BY MR. MOUGEY:

8               Q.       But that's a little different than the  
9       question I'm asking.

10               The question I'm asking, wouldn't it  
11       have been important, wouldn't it have been a factor  
12       in your decision-making to know that the DEA  
13       believed there were widespread shortcomings when  
14       you were fulfilling your critical task of  
15       identifying suspicious orders and reporting them to  
16       the DEA?   That wouldn't have been important to you?

17               MS. SWIFT:   Object to the form.

18       BY THE WITNESS:

19               A.       I don't know if I would have wanted to  
20       know, if it would have been important to me back in  
21       2013.

22       BY MR. MOUGEY:

23               Q.       When you say you don't know, I mean, you  
24       are highly educated, seven years, I mean a

1     Doctorate degree.  You've spent seven years of your  
2     life gathering information, understanding how to  
3     incorporate that information in your day-to-day job  
4     duties, right?

5             A.     Yes.

6             Q.     I mean, information is critical in what  
7     you do on a day-to-day basis, right?

8             A.     Yes.

9             Q.     I mean, go back to when you were  
10    operating as a pharmacist.  If you mixed two kinds  
11    of pills incorrectly, that could have catastrophic  
12    consequences for the patient, correct?

13            A.     Yes.

14            Q.     I mean, if you mixed and matched, all  
15    the information is essential to what you do every  
16    day, right?

17            A.     Yes.

18            Q.     And there is no way you can sit and tell  
19    a jury that information isn't paramount in the  
20    pharmaceutical business, right?

21            MS. SWIFT:  Object to the form.

22            BY THE WITNESS:

23            A.     Information is important in the role in  
24    my job, yes --

1 Q. And here --

2 A. -- in doing my job.

3 Q. Here I'm asking you repeatedly, wouldn't  
4 have this information been important in you filling  
5 the function of identifying suspicious orders and  
6 reporting them to the DEA and you are repeatedly  
7 telling me, "I don't know." What is the  
8 difference?

9 A. I don't know at the time if this  
10 information would have made a difference in my role  
11 in doing my job.

12 Q. But as a pharmacist, you're trained to  
13 make sure you gather all of the applicable  
14 information and incorporate that into what you do  
15 in your job responsibilities, correct?

16 A. I am trained to gather information, yes.

17 Q. And as a pharmacist you have access to  
18 huge databases that Walgreens puts up that when  
19 prescriptions come in that flag and spot and you  
20 use as tools in your day-to-day job, right?

21 MS. SWIFT: Object to the form.

22 BY THE WITNESS:

23 A. I have access to our CSO KPI tool, yes,  
24 that we review flagged orders.

1 BY MR. MOUGEY:

2 Q. But as a -- and your role as a  
3 pharmacist, in your first career at Walgreens, you  
4 have access to tremendous amount of resources,  
5 spotting red flags with different prescriptions,  
6 correct?

7 A. When I first started in my job? Are you  
8 talking about like back --

9 Q. In your role as a pharmacist.

10 A. In my role as a pharmacist. I have  
11 access to -- can you give me a little, an example?

12 Q. You tell me.

13 A. Clarify.

14 Q. You tell me. I mean, there is all kinds  
15 of tools that Walgreens had available to you in  
16 your role as a pharmacist to help spot potential  
17 problems with prescriptions to clients, correct?

18 A. So, yeah, our DUR system, our Drug  
19 Utilization Review --

20 Q. And your job --

21 A. -- process.

22 Q. -- was to review all of the information  
23 available to make sure there were no problems,  
24 right?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. To ensure that the prescription didn't  
4 interact with any of the prescriptions the patient  
5 was on. To that extent, yes.

6 BY MR. MOUGEY:

7 Q. And when you go to the pharmacist and  
8 they give you some warnings and tell you how to use  
9 it and how often and make sure you don't take it  
10 with this, that's all part of your job, right?

11 A. When I was in the pharmacy filling  
12 prescriptions.

13 Q. Thank you.

14 A. Yes.

15 Q. Let's go back to the Pharmaceutical  
16 Integrity. I've asked you repeatedly about all  
17 kinds of information that was in these 343 pages,  
18 and you said, "I don't know if that will help me or  
19 not."

20 The information that was available to  
21 Walgreens is critical for you in identifying  
22 potential problems in the distribution system,  
23 correct?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't know what information you're  
3 referring to that was available to Walgreens.

4 BY MR. MOUGEY:

5 Q. If the -- any information that would  
6 have helped you do your job and that the DEA  
7 thought there was problems, for example, that the  
8 Schedule II and III narcotics cage in the Jupiter  
9 center that was padlocked, wouldn't you have wanted  
10 to know why it was padlocked?

11 A. I don't know if I would have wanted to  
12 know at the time in the course of doing my job.

13 Q. The answer is of course --

14 A. In my role.

15 Q. -- of course you would want to know?

16 A. I don't know that it would have made a  
17 difference.

18 Q. Of course you would want to know. Every  
19 day your job is to make sure you are identifying  
20 problems in the system that the DEA said was  
21 critical, your job is to protect the distribution  
22 system and pills being diverted out of that system.

23 Wouldn't you want all the information  
24 that you could possibly get your hand around so you



1 could make the best decision you could?

2 A. I don't know if it would have changed --

3 Q. I'm not asking --

4 A. -- the course of me doing my job --

5 Q. I'm not asking --

6 A. -- knowing that information.

7 Q. I'm not asking you. I get that's your  
8 drumbeat answer. I'm confident that's what you all  
9 discussed beforehand.

10 But what I'm asking you is not if it  
11 would have changed your decision. What I'm asking  
12 you is something different.

13 Isn't it important, with somebody with  
14 their Doctorate degree, that you have access to all  
15 of the information so you can make intelligent  
16 decisions in your critical function, identifying  
17 suspicious orders and reporting them to the DEA?  
18 Why would you not want all the information you  
19 could gather?

20 MS. SWIFT: Object to the form. Which  
21 question do you want her to answer?

22 BY THE WITNESS:

23 A. Can you repeat the question.

24 BY MR. MOUGEY:

1 Q. Just answer one of them.

2 A. I don't think that this information -- I  
3 don't know if it would have made a difference and  
4 if I would have wanted to know at the time, and I  
5 don't think that it would have changed what I was  
6 doing in my role at Rx Integrity, which was  
7 reporting suspicious orders.

8 I don't know if I would have wanted to  
9 know at the time, honestly.

10 Q. Do you believe that there were issues  
11 with pills migrating from one area of the country  
12 to another area?

13 MS. SWIFT: Object to the form.

14 BY THE WITNESS:

15 A. What do you mean by "pills migrating  
16 from"?

17 BY MR. MOUGEY:

18 Q. Do you know what the word "migration"  
19 means?

20 A. Moving, yes.

21 Q. So, if there were pills being dispensed  
22 in, say, Florida that were ending up in other parts  
23 of the country, for example, Ohio, would that have  
24 been an important fact that you would want to know

1 in your job identifying suspicious orders and  
2 reporting them to the DEA?

3 A. I had --

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I had seen that in the news that there  
7 were people going, driving to Florida and from  
8 other states and going back home and getting their  
9 prescriptions in Florida, yes. I was aware of  
10 that.

11 BY MR. MOUGEY:

12 Q. And when was that discussed internally  
13 at Walgreens in part of the training to make sure  
14 that that loophole was closed?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. I don't honestly recall when -- when we  
18 talked about it or if we talked about it.

19 BY MR. MOUGEY:

20 Q. And do you have any understanding at  
21 Walgreens if you ever discussed how big of a  
22 problem it was?

23 A. I don't recall discussing specifics.

24 Q. Do you recall discussing it generally?

1           A.       Yes, I just said I do recall discussing  
2       that patients were driving from other states to  
3       Florida to get their prescriptions.

4           Q.       I'm sorry. I thought you said that you  
5       recalled seeing it on the news?

6           A.       And seeing it on the news and discussing  
7       it, yes.

8           Q.       So, did anyone -- was anyone asked to  
9       put together a presentation or a PowerPoint to  
10      educate all of these new folks in Pharmaceutical  
11      Integrity about the scale and scope of the problem?

12          A.       No.

13          Q.       Why don't you turn to page 41. Let's  
14      look at the last sentence on the bottom of page 41  
15      that begins with "DEA." Let me know when you're  
16      there.

17          A.       Okay.

18          Q.       "DEA, State and local law enforcement  
19      investigations reveal that thousands of drug  
20      seekers flock to these Florida-based pain clinics  
21      to obtain their supply of oxycodone and other  
22      controlled substances such as" -- I never can  
23      pronounce this one either. Help me.

24          A.       Alprazolam.

1 Q. Thank you.

2 -- "which has been in turn illegally  
3 redistributed in states along the entire East Coast  
4 and Midwest."

5 Correct?

6 A. That's what it says, yes.

7 Q. Do you recall at Walgreens internally  
8 that the Pharmaceutical Integrity group discussed  
9 that patients traveling a long distance to get  
10 prescriptions was a suspicious order or a red flag?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. We discussed that our pharmacists need  
14 to identify patients with a further geographical  
15 proximity from where the pharmacy was to where  
16 their doctor was was considered a red flag that the  
17 pharmacist needed to resolve and that the  
18 pharmacist needed to be aware there are patients  
19 that could be traveling to an oncology specialty  
20 hospital getting their treatment, getting their  
21 medication and flying back to their home state,  
22 yes, we discussed that they needed to resolve that  
23 before they legitimately filled a prescription if  
24 they had concerns of distance.

1 Q. You know what a database is, right?

2 A. Yes.

3 Q. And do you have a database at Walgreens  
4 that you all could search the residence of the  
5 patient picking up a prescription and where they  
6 were picking up the prescription to identify the  
7 individuals that were traveling long distances?

8 A. We had patient information, patient  
9 addresses, yes.

10 Q. So, could you have searched in your  
11 databases and identified those patients that had  
12 traveled long distances?

13 A. Assuming those addresses were correct,  
14 both on the -- the prescriber addresses as well as  
15 the patient addresses, we could search that, yes.

16 Q. Sure. But part of the fulfilling the  
17 prescription is showing a driver's license, right?

18 A. Not in every case, no.

19 Q. In --

20 A. Only in certain states where it's  
21 required.

22 Q. Let's just do Florida. Florida required  
23 a driver's license, correct?

24 A. As far as I can recall, yes.

1 Q. And the prescriber's address is in  
2 the -- is in the database, right, or were they --

3 A. If it's correct, yes.

4 Q. And the Walgreens address where the  
5 prescription was picked up is in the database,  
6 right?

7 A. Yes.

8 Q. So, Walgreens had the ability to run a  
9 query and identify the individuals that were  
10 picking up prescriptions long distances from their  
11 residents, correct?

12 A. I don't know. I could not run that  
13 query myself.

14 Q. And do you know that that was part of  
15 the mechanism that your group employed to try to  
16 identify suspicious orders, people that were  
17 picking them up from long distances away?

18 A. No, I'm not aware of that.

19 Q. On page --

20 A. In my group.

21 Q. I'm sorry. On page 41, the sentence  
22 that we just went through that references people,  
23 "thousands of drug seekers flock to Florida-based  
24 pain clinics and in turn illegally redistributed in

1 states along the entire East Coast and Midwest," is  
2 that something that you would have wanted to know  
3 when asking someone at Walgreens to help design a  
4 system to identify pill seekers that were picking  
5 up prescriptions in disparate miles, large amount  
6 of time from the Walgreens?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. I was not involved in the design of the  
10 system you're referring to. So, I don't know if I  
11 would have wanted to know.

12 BY MR. MOUGEY:

13 Q. Did you ever see a report that  
14 indicated, "Hey, here's these hundreds of people at  
15 each Walgreens that were flocking to these  
16 Walgreens retail pharmacies and their addresses are  
17 from foreign states as a mechanism to identify  
18 suspicious orders"?

19 A. No.

20 Q. Never saw a report to this day that  
21 anyone's ever run and shown you?

22 A. Not that I'm aware of. I don't know.

23 Q. You had no input as a manager in  
24 Pharmaceutical Integrity about the types of queries



1 or data pulls that you needed to fill your role?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. The main function of our job was to  
5 identify flagged orders which our system, our  
6 CSO KPI tool, was already developed to do. I was  
7 not involved in the development of that tool.

8 BY MR. MOUGEY:

9 Q. Right, but the question I asked was a  
10 little different. I said did you have any input as  
11 a manager in Pharmaceutical Integrity about the  
12 types of queries or data pulls that you need to  
13 fill -- fulfill your role identifying suspicious  
14 orders?

15 A. I could request specific queries.

16 Q. But did you ever ask for a specific  
17 query trying to identify patients who had picked up  
18 prescriptions a long distance from their home?

19 MS. SWIFT: Object to the form.

20 BY THE WITNESS:

21 A. No, I did not. Our pharmacists were  
22 required to review the prescription and determine  
23 whether it was legitimate using their corresponding  
24 responsibility, each prescription that they filled.

1 BY MR. MOUGEY:

2 Q. Well, if the pharmacist was on the front  
3 line, is charged with implementing and identifying  
4 those suspicious orders, what function did your  
5 department have?

6 MS. SWIFT: Object to the form,  
7 mischaracterizes the testimony.

8 BY THE WITNESS:

9 A. Our job was to ensure that anything that  
10 our system flagged was either identified as  
11 suspicious and reported to the DEA or it was not  
12 considered suspicious. And we did work with the  
13 pharmacists in determining whether those flagged  
14 orders were suspicious and the pharmacy manager at  
15 the store on a daily basis.

16 BY MR. MOUGEY:

17 Q. Did you work full time in '13, '14, '15?

18 A. Yes.

19 Q. Was there any point in time after you  
20 came back into Pharmaceutical Integrity that you  
21 didn't work full time?

22 A. Since 2013, no.

23 Q. So, the system that you've referred to,  
24 who was in charge of developing that system?

1           A.       To my understanding, we had Wayne  
2   Bancroft, John Maritello (phonetic), I believe  
3   Tasha was involved in developing that system and  
4   probably to some extent Steve Mills.

5           Q.       Steve Mills was one of the analysts?

6           A.       Yes.

7           Q.       Do you have an understanding of when  
8   Wayne Bancroft and John, Mr. Mills and Ms. Polster  
9   implemented the system that was currently used --  
10   when I say "currently used" -- the automated app  
11   that you've referenced?

12           MS. SWIFT: Object to the form.

13   BY THE WITNESS:

14           A.       The CSO KPI tool I think was in the  
15   midst of being developed and finalized when I first  
16   started in January. So, it was already -- there  
17   was already a tool. I just don't know completely  
18   when it was finished. Probably early 2013.

19   BY MR. MOUGEY:

20           Q.       But it wasn't finished when you started?

21           MS. SWIFT: Object to the form.

22   BY THE WITNESS:

23           A.       I think they were still developing it  
24   from when I very first started, yes.

1 BY MR. MOUGEY:

2 Q. You mentioned earlier that parts of it  
3 were manual and then it became automated. What was  
4 the difference between the manual and the automated  
5 component?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

**REDACTED**

13 BY MR. MOUGEY:

14 Q. Okay. So, essentially when you say  
15 automated, that it was a measure or a means to  
16 capture some of the notes and correspondence back  
17 and forth with the pharmacy?

18 MS. SWIFT: Object to the form.

19 BY THE WITNESS:

20 A. It was just a different way to capture  
21 it, yes.

22 BY MR. MOUGEY:

23 Q. Okay. Different meaning it was --  
24 before I think you referenced that it was captured

1 in e-mail, correct?

2 A. Yes.

3 Q. And now it was one place where you could  
4 go and others could see and it was essentially a  
5 database, correct?

6 A. It was a CSO KPI tool, yes.

7 Q. All right. So, if now you wanted to go  
8 into the -- I'm just going to call it CSI. It's  
9 too many. What is it again?

10 A. CSO KPI.

11 Q. Just give me the first three. I'm  
12 drowning in acronyms. What is it?

13 A. CSO.

14 Q. CSO. Can you now go to CSO and search  
15 notes that you put in in the middle of '13?

16 A. I don't know if I can go back that far  
17 on my own, but I think we can -- we can find that  
18 data or get that data.

19 Q. Say you had a -- you wanted to go back  
20 and kind of do a more deep dive due diligence on a  
21 specific Walgreens pharmacy. Who would you go to  
22 to find out whether or not how far back you can go?

23 A. I would probably ask Steve.

24 Q. Steve. And if Steve didn't know, who

1 would be the point of contact on the tech side?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. I think there is a manager on the IT  
5 side. I'm trying to recall his name. Steve  
6 Bamberg. I would ask him.

7 BY MR. MOUGEY:

8 Q. Do you have any understanding sitting  
9 here today how far back you can look today into  
10 CSO?

11 A. No, I don't recall how far back.

12 Q. Do you recall generally how far back you  
13 can look?

14 A. I -- I don't.

15 Q. Walk me through what fields or areas of  
16 information that are stored in CSO.

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

**REDACTED**

# REDACTED

8 Q. So, if you wanted to --

9 A. A request.

10 Q. -- run a query on stores and their  
11 history of overrides, you could do that depending  
12 on how far back you were looking?

13 A. I could not do that, no.

14 Q. But you could go to somebody, whether it  
15 be Steve or potentially somebody in your technology  
16 department, that could help run the query if you  
17 needed to?

18 A. Yes, I think that's true.

19 Q. What other information other than  
20 overrides and the notes you mentioned would be  
21 available in CSO?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. Just the drug that the pharmacy is

1     requesting. I think I already mentioned the  
2     ceiling, the quantity, the previous history, if  
3     there is any history, the store information, where  
4     they're located. I think it includes their general  
5     area as well as their address and their store  
6     number.

7     BY MR. MOUGEY:

8             Q.     Now, when you say that the drug that the  
9     pharmacy is requesting, do you have an  
10    understanding of whether or not the transactional  
11    data is contained in CSO?

12            MS. SWIFT: Object to the form.

13    BY THE WITNESS:

14            A.     Can you repeat the question.

15    BY MR. MOUGEY:

16            Q.     Yes. It was awkward.

17                    Transactional data meaning the order by  
18    order. Can you pull that out of CSO?

19            MS. SWIFT: Object to the form.

20    BY THE WITNESS:

21            A.     The order by order from the store, no.

22    BY MR. MOUGEY:

**REDACTED**



# REDACTED

14           Q.     All right. That would be important when  
15     you were looking at suspicious orders and how many  
16     times the ceiling had been requested, right?

17           MS. SWIFT: Object to the form.

18     BY THE WITNESS:

19           A.     I'm not sure I understand your question.

20     BY MR. MOUGEY:

21           Q.     Well, the ceiling had been requested to  
22     be increased on a couple of occasions or several  
23     occasions. That pattern would be important to you  
24     in making decisions in Pharmaceutical Integrity

1     about whether or not there was a suspicious order,  
2     correct?

3             A.     Depending on the situation, it may be  
4     important for me to see that.

5             Q.     But it was a factor that you might look

**REDACTED**

1                   So, if you wanted to go back and look at  
2   previous conversations or previous information that  
3   you gathered, you could put that into CSO, correct?

4           MS. SWIFT: Object to the form.

5   BY THE WITNESS:

6           A.     I can enter comments into the CSO tool,  
7   yes.

8   BY MR. MOUGEY:

9           Q.     Is that your practice to enter comments  
10   into the CSO tool?

11          A.     If I'm reviewing an order, yes.

12          Q.     And if you are -- if there is a ceiling  
13   increase and you wanted to find out why, would  
14   you -- and you did -- you did find out why, would  
15   you put that information into CSO?

16          A.     If there's a prior ceiling increase, the  
17   documentation would be in there. I wouldn't  
18   necessarily need to go find out why because it  
19   would be documented in the tool already.

20          Q.     Because the pharmacist would --

21          A.     The pharmacist and the person that  
22   approved the ceiling increase would have documented  
23   that. So I can see that.

24          Q.     Who is it that approves the ceiling

1 increases?

2 A. Today primarily our Pharmaceutical  
3 Integrity coordinators and then to a certain  
4 extent, our senior analysts.

5 Q. If you wanted to search your e-mail  
6 today, how far back does your e-mail system go?

7 A. So, I know that they've recently  
8 archived a portion of it. I want to say maybe  
9 2014, 2013, but I'm not 100% sure on that.

10 Q. So, if you wanted to go back and search  
11 e-mails or whatever, you think you can go back to  
12 '13 or '14?

13 A. I'm not 100% sure that's accurate.

14 Q. Do you keep e-mails in any other places  
15 other than on your work system?

16 A. Not that I know of. No.

17 Q. Do you e-mail about work-related issues  
18 from another e-mail address?

19 A. No.

20 Q. Do you only use your work system to  
21 discuss any issues at work?

22 A. Yes. It's against our policies to use  
23 any other thing -- anything other than my laptop,  
24 for example, my own e-mail address.

1 Q. And you don't store any e-mails any  
2 other places other than on your desktop at work?

3 A. No.

4 Q. And do you store e-mails on your  
5 desktop?

6 A. No, not really. I store them in my  
7 e-mail box.

8 Q. No, not really or no, you don't?

9 A. Not that I can recall. I don't have --  
10 I have almost nothing on my desktop. I don't use  
11 it.

12 Q. You don't have any hard drives or  
13 anything else that you have kept e-mails on or  
14 stored or anything along those lines, thumb drives,  
15 anything along those lines?

16 A. No.

17 MR. MOUGEY: Could we take a few minutes. Let  
18 me shift gears on documents.

19 THE VIDEOGRAPHER: We're going off the record  
20 at 3:47.

21 (WHEREUPON, a recess was had  
22 from 3:47 to 4:01 p.m.)

23 THE VIDEOGRAPHER: We are back on the record  
24 at 4:01.

1 BY MR. MOUGEY:

2 Q. Ms. Daugherty, do you have any  
3 understanding of why the Perrysburg distribution  
4 center may have to close?

5 A. Today? No.

6 Q. No, back in -- I'm sorry.

7 Back in 2013, why would the --

8 A. That's what confused me.

9 Q. Why would the Perrysburg distribution  
10 center have had to close?

11 MS. SWIFT: Object to the form.

12 BY THE WITNESS:

13 A. I don't know.

14 BY MR. MOUGEY:

15 Q. Do you recall having any communications  
16 with other Walgreens personnel about whether or if  
17 the Perrysburg distribution center would close?

18 A. No, I don't recall.

19 Q. Were you aware in early '13 when you  
20 first started at Walgreens that the Perrysburg  
21 distribution center had received subpoenas from the  
22 DEA?

23 A. I don't recall.

24 Q. If in fact the Perrysburg distribution

1 center in early '13 did have to close, would it be  
2 important for the pharmacist to understand why, the  
3 Walgreens pharmacist to understand why?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. In terms of understanding that their  
7 prescription drugs would not be coming from that  
8 distribution center? No. Just to know where else  
9 they could be getting the medications from.

10 BY MR. MOUGEY:

11 Q. If the Perrysburg distribution center  
12 shut down and was no longer distributing controlled  
13 substances, primarily Schedule II and III opiate  
14 prescriptions, and there were issues or flaws with  
15 Walgreens' system, would that be important for the  
16 pharmacist to know?

17 MS. SWIFT: Object to the form.

18 BY THE WITNESS:

19 A. Can you elaborate on "issues or flaws"  
20 in what system?

21 BY MR. MOUGEY:

22 Q. The distribution system, the suspicious  
23 order monitoring system, that there were problems  
24 with that system, would that be -- in the

1 Perrysburg distribution center. Would that be  
2 important for them to know?

3 MS. SWIFT: Object to the form, compound.  
4 Which system?

5 BY MR. MOUGEY:

6 Q. The number of systems and whether they  
7 really exist or not and when is kind of confusing,  
8 isn't it?

9 So, the distribution system center at  
10 Perrysburg in early 2013, whatever system was in  
11 place at that point.

12 MS. SWIFT: Object to the form.

13 BY THE WITNESS:

14 A. I'm not familiar with the system.

15 BY MR. MOUGEY:

16 Q. In early 2013?

17 A. In Perrysburg, no.

18 Q. But in early 2013 you were charged with  
19 identifying suspicious orders and performing any  
20 due diligence, if any, on those orders, correct?

21 A. Yes.

22 Q. And would you perform the due diligence  
23 on the suspicious orders or would the distribution  
24 center perform the due diligence on the orders?



1           A.       When I first started in January of 2013,  
2       we had a team that was reviewing flagged orders and  
3       identifying them as suspicious or not.

4           Q.       And was there any request that in early  
5       '13 that went to the distribution centers for it to  
6       perform due diligence?

7           A.       Not that I know of.

8           Q.       So, would it be important for  
9       pharmacists to understand if there were issues with  
10      Walgreens' suspicious order monitoring system and  
11      orders being filled at the Perrysburg distribution  
12      center, would it have been important for them to  
13      know that?

14          MS. SWIFT:   Object to the form.

15      BY THE WITNESS:

16          A.       Our pharmacists would have needed to  
17      know if their medications were coming from a  
18      different distribution center, yes.

19      BY MR. MOUGEY:

20          Q.       But the question was if there were  
21      system failures, not just that they were coming  
22      from, would it be important that the pharmacist  
23      understand that there were system failures with  
24      Walgreens' suspicious order monitoring policies,

1 for the pharmacist to know that there were issues?

2 MS. SWIFT: Object to the form.

3 BY THE WITNESS:

4 A. I don't know if it would have been  
5 important for a pharmacist at Walgreens in a store  
6 to know that there was an issue with a system which  
7 I'm not familiar with at that time.

8 BY MR. MOUGEY:

9 Q. I hand you what I've marked as Daugherty  
10 13.

11 MS. SWIFT: I think we have already marked 13.

12 MR. MOUGEY: 14 then.

13 MS. SWIFT: I think we've already marked 14.

14 MR. MOUGEY: Daugherty 15.

15 (WHEREUPON, a certain document was  
16 marked Walgreens-Daugherty  
17 Deposition Exhibit No. 15:  
18 Administrative Inspection Warrant;  
19 WAGMDL00493697 - 00493700.)

20 BY MR. MOUGEY:

21 Q. Do you see on the right-hand side that,  
22 Bates No. 97, Administrative Inspection Warrant?  
23 Do you see that?

24 A. Yes.

1 Q. And on the left-hand side it says, "In  
2 the Matter of the Administrative Inspection of  
3 Walgreens Corporation."

4 A. Yes.

5 Q. Perrysburg, Ohio. Correct?

6 A. Correct.

7 Q. And that's one of the Walgreens  
8 distribution centers, correct?

9 A. Yes.

10 Q. And if you turn to the very last page,  
11 it's dated February 5, 2013.

12 Do you see that?

13 A. Yes.

14 Q. And if you go to Bates No. 99 of this  
15 document, that Walgreens Perrysburg distribution  
16 center was "further authorized to remove for  
17 copying from the above-described controlled  
18 premises the following records, reports, documents,  
19 files and inventories, including computerized  
20 records as are appropriate and necessary to the  
21 effective accomplishment of the inspection."

22 Do you see that?

23 A. What page are you on?

24 Q. I'm on page --

1 A. 3?

2 Q. Bates No. 99 or page 3.

3 A. I see that.

4 Q. Okay. And the DEA goes on that "all  
5 other records which refer to or relate to  
6 distribution of controlled substances."

7 Do you see that? On page 4, Bates  
8 No. 70, under A.

9 A. Yes.

10 Q. And you understand that a subpoena or an  
11 investigative warrant is asking for material so the  
12 DEA could perform its review or process, correct?

13 A. Yes.

14 Q. And I think you mentioned earlier that  
15 Walgreens gets subpoenas every day, and it's really  
16 not a big deal or anything out of the ordinary, is  
17 that right?

18 A. Walgreens --

19 MS. SWIFT: Objection; mischaracterizes the  
20 testimony.

21 BY THE WITNESS:

22 A. Walgreens gets subpoenas every day.

23 BY MR. MOUGEY:

24 Q. So, it's not anything --

1           A.       And it is important. We take it very  
2       seriously and make sure we respond to every single  
3       one.

4           Q.       But this isn't anything out of the  
5       ordinary, to receive this kind of request for  
6       information?

7           MS. SWIFT: Object to the form.

8       BY THE WITNESS:

9           A.       What's "this"? I'm sorry.

10       BY MR. MOUGEY:

11          Q.       "This" is the document that we're  
12       looking at, Daugherty 15, this Administrative  
13       Inspection Warrant. This is -- this is an example  
14       of documents that Walgreens receives every day. It  
15       is not anything out of the ordinary, correct?

16          MS. SWIFT: Objection; mischaracterizes the  
17       testimony.

18       BY THE WITNESS:

19          A.       This is a -- not the subpoenas -- we  
20       typically get subpoenas for prescription records.

21       BY MR. MOUGEY:

22          Q.       So, do you think this one maybe was a  
23       little more important than the ones you were  
24       referring to that you receive regularly?

1 MS. SWIFT: Objection; foundation.

2 BY THE WITNESS:

3 A. I don't know.

4 BY MR. MOUGEY:

5 Q. You don't know?

6 A. I can't speculate.

7 Q. Pardon me?

8 A. I don't know.

9 Q. I hand you what we've marked as  
10 Daugherty 16.

11 (WHEREUPON, a certain document was  
12 marked as Walgreens-Daugherty  
13 Deposition Exhibit No. 16: US  
14 DOJ/DEA Subpoena; WAGMDL00493694 -  
15 00493718.)

16 BY MR. MOUGEY:

17 Q. Keep 15 in front of you, please. And  
18 this is also dated February of 2013.

19 Do you see that? First page, bottom  
20 left-hand corner.

21 A. Yes.

22 Q. And it is titled "U.S. Department of  
23 Justice/Drug Enforcement Administration Subpoena,"  
24 correct?

1           A.       Yes.

2           Q.       And you see directly underneath that at  
3   the top of the page, "In the matter of the  
4   investigation of Case No. 17-13-2042," correct?

5           A.       Yes.

6           Q.       And on the left-hand side of the  
7   page "Walgreens Corporation" and you see  
8   "Distributor" in parens, correct?

9           A.       Yes.

10          Q.       "Custodian of records at," and it has  
11   the address for the Perrysburg, Ohio distribution  
12   center, correct?

13          A.       Yes.

14          Q.       And, again, in the middle of the  
15   paragraph beginning with "Pursuant," the DEA is  
16   requesting a series of documents regarding the  
17   purchases of controlled substances between the  
18   dates of beginning of business 2/1/11 and close of  
19   business 2/5/13.

20                   Do you see that?

21          A.       Yes.

22          Q.       Now, do you have any understanding of  
23   whether or not Walgreens internally was discussing  
24   closing down the Perrysburg distribution center

1 after receiving these subpoenas?

2 A. At the time I recall I was involved in  
3 communicating to stores, but just working with  
4 actually submitting a communication to the stores  
5 around Perrysburg, but I don't recall the  
6 specifics.

7 Q. Who's Bob Martin?

8 A. She is manager in the inventory team.

9 MS. SWIFT: Did you say Bob or Barb?

10 BY THE WITNESS:

11 A. Barb. It's Barbara.

12 BY MR. MOUGEY:

13 Q. Is it Barb?

14 A. It's Barbara, yeah.

15 Q. Thanks. Barb. She is a manager in the  
16 inventory side?

17 A. Yes.

18 Q. Sitting here today, do you have any  
19 understanding of whether the closing of the  
20 Perrysburg distribution center had anything to do  
21 with the fact that Walgreens received a warrant and  
22 a subpoena for a records request?

23 A. No, I don't.

24 Q. No, you don't know or no, it wasn't?



1 A. No, I don't know.

2 Q. Okay. Do you think it was just a --  
3 let's go to the next. Let's go to Daugherty 17.

4 (WHEREUPON, a certain document was  
5 marked as Walgreens-Daugherty  
6 Deposition Exhibit No. 17: 2/15/13  
7 e-mail with attachment;  
8 WAGMDL00303243 - 00303245.)

9 BY MR. MOUGEY:

10 Q. This is -- purports to be an e-mail  
11 between you and Barb Martin, correct?

12 A. Yes.

13 Q. And it's dated 2/15/2013, correct?

14 A. Yes.

15 Q. And the e-mail is from Ms. Martin to  
16 yourself and it's not copied to anyone else,  
17 correct?

18 A. No.

19 Q. And she's transmitting, "Per my  
20 voicemail. Here are copies of my draft  
21 communications to go out to the stores serviced by  
22 Perrysburg. To be sent out if Perrysburg has to  
23 close."

24 Do you have an understanding of what

1 Ms. Martin was referring to "if Perrysburg has to  
2 close"?

3 A. Yes.

4 Q. What was she referring to?

5 A. If Perrysburg could not distribute  
6 controlled substances to our store.

7 Q. All right. But why?

8 MS. SWIFT: Object to the form.

9 BY THE WITNESS:

10 A. I don't -- I don't know. At the time I  
11 don't know.

12 BY MR. MOUGEY:

13 Q. You had me for a minute. I thought -- I  
14 thought we had some information. But you don't  
15 know why. You don't know why Perrysburg had to  
16 close?

17 A. No, I was not --

18 Q. I go all excited for a second.

19 A. -- involved.

20 Q. The sentence there about "to be sent out  
21 if Perrysburg has to close," you don't know what  
22 she is referring to why it would close?

23 A. No, I --

24 Q. The reasons why?

1           A.       I did not know the reasons why.

2           Q.       Did it think of you to ask why would we  
3   be closing our Perrysburg distribution center?

4           A.       At the time I did not.

5           Q.       Because you had only been there at this  
6   point a month and a half, right?

7           A.       That's correct.

8           Q.       Do you have any understanding of why  
9   Ms. Martin was communicating with you about  
10   coordinating with the individual pharmacies  
11   regarding Perrysburg and whether or not it had to  
12   close?

13          A.       She was asking me to facilitate the  
14   communication.

15          Q.       So you were just going to send it out?

16          A.       If she had indicated that I should send  
17   it out, yes. I would work with our communications  
18   department. That's my -- that was my role in this.

19          Q.       So, here you are, six months into your  
20   new career at Walgreens in Pharmaceutical  
21   Integrity, and there are seven ongoing cases  
22   including the Jupiter distribution center and now  
23   you are notified that the Perrysburg distribution  
24   center might have to close.

1                   Did that give you any alarm or concern  
2   about why?

3           MS. SWIFT:   Objection; mischaracterizes the  
4   document and the facts.

5   BY THE WITNESS:

6           A.       So, just to clarify. This was one month  
7   into my role, one month and maybe a week.

8                   At the time I did not know why we were  
9   closing Perrysburg or considering closing  
10   Perrysburg. I didn't know if it was related to  
11   moving business to Cardinal or -- I had no  
12   knowledge of it.

13   BY MR. MOUGEY:

14           Q.       You didn't know about the seven ongoing  
15   cases regarding the Jupiter distribution center and  
16   the six pharmacies around the country, correct?

17           A.       In -- in February, I don't know if I  
18   knew that at the time.

19           Q.       If you would have known about the seven  
20   ongoing cases, six retail pharmacies, the Jupiter  
21   distribution center, would it have caused you alarm  
22   that a second distribution center may have to  
23   close?

24           A.       I don't know if it would have caused me

1 alarm.

2 Q. Would you have thought it was important  
3 in your day-to-day responsibilities to know that  
4 the second, two out of three distribution centers  
5 responsible for distributing Schedule II and III  
6 opiate prescriptions was about to close?

7 A. I don't know if it would have changed my  
8 duties in my job.

9 Q. And I'm not asking you again if it  
10 changed your duties or changed your job. Would it  
11 have been important for you to know as a factor in  
12 your consideration that the second out of three  
13 distribution centers that were responsible for  
14 distributing Schedule II and III opiate  
15 prescriptions might have to close?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. I was focused on doing my job at the  
19 time and making sure we were training our team  
20 members. So, I don't know if I would have thought  
21 it was important at the time.

22 BY MR. MOUGEY:

23 Q. Do you recall whether or not you were  
24 aware of the subpoenas at the time you received

1     this draft communication from Ms. Martin?

2           A.     I don't believe I was aware of the  
3     subpoenas, but I can't recall.

4           Q.     So, let's turn to Ms. Martin's draft  
5     communication that she sent to you within a little  
6     less than two weeks from the subpoenas being sent  
7     to the Perrysburg distribution center.

8                     So, Ms. Martin is asking you to help  
9     transmit or facilitate this process, correct?

10          A.     She's helping me -- she's asking me to  
11     help her facilitate the communication, yes.

12          Q.     All right. And her draft is, "Select  
13     Pharmacy Managers, Beginning the week of  
14     February 18, 2013, stores that have been receiving  
15     their Schedule II controlled substance orders from  
16     the Walgreens distribution center in Perrysburg,  
17     Ohio will now have their orders shipped from the  
18     local Cardinal center."

19                     Do you see that?

20          A.     Yes.

21          Q.     Now, February 18 is three days after  
22     this e-mail comes out, right?

23          A.     Yes.

24          Q.     Did you find that as odd that Ms. Martin

1 was asking you to facilitate a communication that  
2 the Perrysburg distribution center was closing in  
3 three days, potentially closing in three days?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. I think the e-mail said that it was  
7 potentially closing. So, no.

8 BY MR. MOUGEY:

9 Q. Didn't give you any alarm, that we are  
10 going to send out an e-mail to the select pharmacy  
11 managers and say, "Hey, three days from now we're  
12 going to shut down the distribution center in  
13 Perrysburg and you have to go to Cardinal"?

14 A. At the time this was just a proposed  
15 communication, so...

16 Q. So it didn't cause you any alarm?

17 A. I didn't think that it was necessarily  
18 going to go out on February 18. This is just the  
19 way that it was draft written.

20 Q. So, she continues with "What do I need  
21 to know?" And she says, "Well, the Schedule II  
22 controlled substance order day will remain the  
23 same."

24 Do you see that in the first bullet

1 point?

2 A. Yes.

3 Q. And then the second says, "Posting  
4 procedures in SIMS will be the same as all other  
5 receipts from Cardinal."

6 And Cardinal is another distributor,  
7 right?

8 A. Yes.

9 Q. And "Upon receipt, please follow the  
10 current posting procedures for Schedule II  
11 controlled substance order deliveries."

12 Right?

13 A. Yes.

14 Q. "Before, Cardinal only filled the  
15 Schedule II controlled substance order for items  
16 that Perrysburg didn't carry. Now, all Schedule II  
17 controlled substance orders will be fulfilled by  
18 the local Cardinal center."

19 Correct?

20 A. Yes.

21 Q. So, your job that you've just been hired  
22 to do was to identify suspicious orders and report  
23 those to the DEA, right?

24 A. Yes.



1 Q. And that was primarily Schedule II and  
2 III prescription medications, correct, prescription  
3 opiates, correct?

4 MS. SWIFT: Object to the form.

5 BY THE WITNESS:

6 A. It included all controlled substance  
7 medications, II through Vs and pseudoephedrine,  
8 yes.

9 BY MR. MOUGEY:

10 Q. So, you didn't question anything  
11 regarding your role in your job and the fact that  
12 one of the three distribution centers might be  
13 closing?

14 A. I did not know why the distribution  
15 center would be closing. I had no knowledge of  
16 why.

17 Q. Now, how did -- did the Perrysburg  
18 distribution center ultimately end up closing?

19 A. Honestly, I can't recall.

20 Q. You can't recall sitting here whether  
21 the Perrysburg distribution center, one of the  
22 three Schedule II distribution centers for  
23 Walgreens, closed?

24 A. Well, technically they're not closed.

1 They still have power of attorney and they still  
2 distribute drugs out of Perrysburg as far as I  
3 know.

4 Q. So, when you say you didn't recall, what  
5 did you mean?

6 A. I don't recall when controlled  
7 substances stopped being shipped from Perrysburg.  
8 If I had to take a guess, it was probably in the  
9 spring of 2013, but I don't know exactly. Maybe  
10 later. I don't know. I can't say definitively  
11 what date.

12 Q. Can you -- I think the question I asked  
13 you was just whether it closed or not. Do you  
14 recall that?

15 A. I recall --

16 Q. Let's start there.

17 A. -- at some point Perrysburg stopped  
18 shipping controlled substances to our stores, yes.

19 Q. So, when it closed, were the Schedule II  
20 and Schedule III opiate prescriptions then migrated  
21 or transferred to Cardinal?

22 MS. SWIFT: Object to the form.

23 BY THE WITNESS:

24 A. Yes.

1 BY MR. MOUGEY:

2 Q. And who was responsible for overseeing  
3 the transfer from the Walgreens facility,  
4 Perrysburg, to Cardinal?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I don't know. I can only speculate it  
8 was Rx Inventory, but I don't know that to be for a  
9 fact.

10 BY MR. MOUGEY:

11 Q. So, did Cardinal have a suspicious order  
12 monitoring policy that it used?

13 MS. SWIFT: Object to the form, foundation.

14 BY THE WITNESS:

15 A. To my recollection, yes.

16 BY MR. MOUGEY:

17 Q. But you don't have any -- do you have  
18 any better understanding of what Cardinal was using  
19 to identify suspicious orders than you do  
20 Walgreens?

21 A. Better understanding than I understand  
22 the Walgreens system?

23 Q. Do you have any understanding of what  
24 Cardinal's suspicious order monitoring policy was

1     when the Perrysburg system closed?

2             MS. SWIFT:   Object to the form.

3     BY THE WITNESS:

4             A.     I have recollection of receiving survey  
5     questionnaires from Cardinal for specific store  
6     locations, our specific store locations, and  
7     performing their suspicious order monitoring  
8     process or their due diligence.

9     BY MR. MOUGEY:

10            Q.     And when you say -- when you referenced  
11     earlier that the Perrysburg store still had POA,  
12     what were you referring to?

13            A.     Power of attorney.

14            Q.     Okay.  And what specifically power of  
15     attorney?  What were the facts around the power of  
16     attorney that you're referencing?

17            A.     So, our specific people in Perrysburg  
18     have power of attorney.  They have authorization  
19     basically for our stores to order the controlled  
20     substances to receive the controlled substances in  
21     our stores.  So, they have a power of attorney over  
22     all our stores.

23            Q.     When you say "stores," you mean the --

24            A.     Our pharmacies.

1 Q. -- the retail pharmacies?

2 A. Yes.

3 Q. So, Perrysburg, the distribution center  
4 got shut down, still has POA to order on behalf of  
5 the retail pharmacies?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. Perrysburg is not closed. I'm not sure  
9 what you mean by "shut down." They're not closed  
10 today.

11 BY MR. MOUGEY:

12 Q. Walgreens shut down Perrysburg and its  
13 ability to ship or distribute Schedule II and  
14 Schedule III prescription opiates, correct?

15 MS. SWIFT: Object to the form.

16 BY THE WITNESS:

17 A. Walgreens stopped shipping controlled  
18 substances out of Perrysburg to our stores, yes.

19 BY MR. MOUGEY:

20 Q. What's the difference between stopped  
21 and shut down, the difference in distributing  
22 prescription opiates?

23 A. Shut down means the facility is shut  
24 down, and the facility is open and they're

1 distributing medication today.

2 Q. So, all that was shut down at Perrysburg  
3 was Schedule II and Schedule III distribution of  
4 prescription opiates, correct?

5 MS. SWIFT: Object to the form.

6 BY THE WITNESS:

7 A. I believe that ultimately Walgreens  
8 shipped shipping controlled substances out of  
9 Perrysburg, yes.

10 BY MR. MOUGEY:

11 Q. So, by June of 2013 you are -- you were  
12 aware that both Jupiter and Perrysburg distribution  
13 centers were no longer shipping prescription  
14 opiates, correct?

15 MS. SWIFT: Objection; foundation.

16 BY THE WITNESS:

17 A. I don't know that I knew in June that  
18 Perrysburg or Jupiter had stopped completely  
19 shipping controlled substances. I don't know that  
20 to be a fact.

21 BY MR. MOUGEY:

22 Q. When do you recall Perrysburg shipping  
23 its distribution responsibilities to Cardinal?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. My understanding or my -- my  
3 recollection was this started at some point in the  
4 spring of 2013 where they started transitioning  
5 controlled substances, C-II controlled substances  
6 to Cardinal and Perrysburg was no longer shipping.

7 BY MR. MOUGEY:

8 Q. Do you have any understanding, and I'm  
9 going back to the settlement and memorandum of  
10 understanding -- memorandum of agreement between  
11 Walgreens and the United States, that Walgreens  
12 represented to the DEA that it was going to be  
13 getting out of the distribution business?

14 MS. SWIFT: Objection; foundation.

15 BY THE WITNESS:

16 A. No.

17 BY MR. MOUGEY:

18 Q. No. When I say "getting out of the  
19 distribution business," I should have asked  
20 specifically about Schedule II and Schedule III  
21 prescription opiates.

22 A. No.

23 Q. No. Okay. Now, ultimately Perrysburg's  
24 distribution responsibilities for Schedule II and

1 Schedule III prescription opiates were transferred  
2 to Cardinal, correct?

3 MS. SWIFT: Object to the form.

4 BY THE WITNESS:

5 A. I believe that there was a point where  
6 Perrysburg stopped shipping controlled substances  
7 to our stores.

8 BY MR. MOUGEY:

9 Q. I hand you what is marked as Daugherty  
10 19 -- 18.

11 (WHEREUPON, a certain document was  
12 marked as Walgreens-Daugherty  
13 Deposition Exhibit No. 18: 3/20/13  
14 e-mail string; WAGMDL00303186 -  
15 0030387.)

16 BY MR. MOUGEY:

17 Q. Do you see at the top of this e-mail on  
18 Bates No. 86 your name copied in an e-mail from  
19 Denman Murray?

20 A. Denman.

21 Q. Denman. So, you do see your name up  
22 there?

23 A. Yes.

24 Q. Okay. And who is Denman Murray?



1           A.       So, Denny Murray is the director in  
2     inventory, the inventory team.

3           Q.       And you see the subject line is  
4     "Cardinal Red Store Status."

5           A.       Yes.

6           Q.       That's March 20 of 2013 on this e-mail,  
7     correct?

8           A.       Yes.

9           Q.       Does that refresh your recollection  
10    about when Perrysburg distribution center had  
11    transferred its responsibilities for Schedule II  
12    and Schedule III prescription opiates to Cardinal?

13          A.       I think I had said that my recollection  
14    was that Perrysburg began the process of not  
15    shipping controlled substances around the spring of  
16    2013.

17          Q.       So, within, let's just say, a month and  
18    a half of receiving the subpoena from the DEA,  
19    Perrysburg DC had shifted its responsibility for  
20    prescription opiate distribution to Cardinal,  
21    correct?

22          A.       I don't know if they had completely  
23    shifted their responsibility. I had no knowledge  
24    of when they stopped shipping controlled

1 substances.

2 Q. Now, if I use the term "red store," do  
3 you know what that means in the context of  
4 Cardinal's red flag system?

5 MR. BUSHUR: Objection; form.

6 BY THE WITNESS:

7 A. I think this was stores that Cardinal  
8 had flagged and wanted to receive additional  
9 information from Walgreens on.

10 BY MR. MOUGEY:

11 Q. So, let's start at the back of this  
12 e-mail which starts at the bottom of page 86. Rex  
13 Swords to Kermit Crawford with the subject  
14 "Cardinal Red Store Status."

15 "Just a quick update on red store  
16 status. Remember, these are stores that are still  
17 servicing from Perrysburg until Cardinal clears  
18 them for shipment of narcotic pain medications."

19 Do you see that?

20 A. Yes.

21 Q. What does it mean or what is the  
22 reference that Cardinal is clearing for shipment  
23 narcotic pain medication?

24 MS. SWIFT: Objection; form.

1 BY THE WITNESS:

2 A. I don't know what Rex meant. My  
3 understanding was that Cardinal had submitted  
4 questionnaires for select stores and had asked us  
5 to provide some documentation and information on  
6 select stores.

7 BY MR. MOUGEY:

8 Q. And, so, some of the stores had not  
9 cleared to be transferred to Cardinal, correct?

10 MS. SWIFT: Object to the form.

11 BY THE WITNESS:

12 A. I don't know. I didn't -- I wasn't  
13 involved in that -- I just was involved in  
14 providing the documentation and information to the  
15 questionnaires to Cardinal.

16 BY MR. MOUGEY:

17 Q. And the e-mail goes on, "As on Monday,  
18 Cardinal has reviewed 169 of the 380 stores, of  
19 which 118 are now 'green' and will be serviced by  
20 Cardinal."

21 Do you see that?

22 A. Yes.

23 Q. "This leaves us with over 250 stores  
24 which remain in red status. As a reminder, we told

1 the DEA we were in the process of winding down  
2 controlled substance distribution from Perrysburg."

3 Do you see that?

4 A. Yes.

5 Q. "We have an April 1st target to  
6 discontinue controlled substance distribution from  
7 Perrysburg, which means if these stores are not  
8 cleared by Cardinal by that date, they will no  
9 longer receive any narcotic pain medications."

10 Did I read that correctly?

11 A. Yes.

12 Q. "Based on our announcement yesterday, my  
13 concern is Cardinal may not be as aggressive at  
14 resolving these stores and ultimately servicing  
15 them. Cardinal canceled our scheduled meeting that  
16 we use to review stores and have received reports  
17 of store review visits now being canceled by  
18 Cardinal."

19 Do you see that?

20 A. Yes.

21 Q. What was the sense of urgency that  
22 Walgreens told the DEA it would be winding down  
23 controlled substance distribution from Perrysburg?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't know.

3 BY MR. MOUGEY:

4 Q. Why would Walgreens push to wind down  
5 its distribution center and risk having patients  
6 not being able to access controlled substances?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. I don't know.

10 BY MR. MOUGEY:

11 Q. Did you ever ask?

12 A. No, I didn't.

13 Q. Did anybody ever tell you?

14 A. No.

15 Q. There is still another distribution  
16 center at this point in time in Woodland,  
17 California that were distributing Schedule II and  
18 Schedule IIIs, correct?

19 A. Yes.

20 Q. Did it dawn on you that maybe you'd want  
21 to know what had happened in this distribution  
22 center and what the sense of urgency was and what,  
23 if any, impact it had on the distribution centers?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I was not involved in the business  
3 decision on making this determination for  
4 Perrysburg, no.

5 BY MR. MOUGEY:

6 Q. I didn't ask you if you were involved in  
7 making the business decision. What I asked was did  
8 you want to know what happened to the distribution  
9 centers and what the sense of urgency was and what  
10 impact, if any, it had on the Woodland, California  
11 distribution center?

12 MS. SWIFT: Object to the form, compound.

13 BY THE WITNESS:

14 A. Did I want to know what happened to the  
15 distribution center?

16 BY MR. MOUGEY:

17 Q. You were the one, you're responsible --  
18 you are one of four people looking at suspicious  
19 orders at Walgreens, identifying them and reporting  
20 them to the DEA.

21 Aren't you wondering what in the world  
22 are we doing winding down our distribution center  
23 and transferring it over to Cardinal? What's the  
24 deal?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. Honestly, I did not wonder that, no.

4 BY MR. MOUGEY:

5 Q. Was it because your job was defined as  
6 implementing Walgreens' Good Faith Dispensing  
7 policies at the pharmacy level rather than at the  
8 distributor level?

9 MS. SWIFT: Object to form. Was what because?

10 BY THE WITNESS:

11 A. I don't understand your question.

12 BY MR. MOUGEY:

13 Q. It sounds a lot like what Kate said  
14 again.

15 MS. SWIFT: Ask a clear question.

16 BY THE WITNESS:

17 A. Can you clarify it?

18 BY MR. MOUGEY:

19 Q. No.

20 MR. MOUGEY: I'm just so sick and tired of the  
21 not understanding what a proper objection is.

22 We have been marking every single one of  
23 these, and I'm going -- this is ridiculous. I  
24 mean, this is absolutely ridiculous. All day long

1     you've interjected yourself into this record  
2     despite my repeated requests to stop and then the  
3     witness repeats your answer. It's just ridiculous.

4                 This is like five depositions. You've  
5     put up all of these people to testify. None of  
6     them know anything about anything. And then you  
7     intersperse your objections on the record and they  
8     repeat it.

9                 So, let's do it again.

10                MS. SWIFT: The record will reflect what  
11     actually --

12                MR. MOUGEY: I'm sure it will.

13                MS. SWIFT: -- has been happening in all of  
14     these depositions, Peter.

15                MR. MOUGEY: Which is no one knows anything  
16     about anything. If I had to count how many times  
17     "I don't know" was today, I would need  
18     Ms. Daugherty's phone calculators.

19                MS. SWIFT: Well, if you're done with your  
20     speech, you can continue your deposition.

21                MR. MOUGEY: I am, but we'll definitely  
22     address this again because these are people you've  
23     put up. These are people you've identified to  
24     understand what went on.



1                   And we're talking about two months after  
2   Ms. Daugherty arrives at Walgreens, the -- one of  
3   the three Schedule II and Schedule III distribution  
4   centers are shut down and within six months of  
5   getting there, two of the three are shut down.

6           MS. SWIFT: Do you have a question? You have  
7   been putting legal opinions in front of her, things  
8   she has never seen before all day. The things  
9   you're asking her about right now happened five,  
10   six years ago.

11          MR. MOUGEY: During her four months' worth of  
12   relevant knowledge base that we're supposed to be  
13   figuring out what Walgreens' policies are. So,  
14   purge documents and witnesses that don't know  
15   anything.

16          MS. SWIFT: Object to the speech and the  
17   argumentative nature of the way you are handling  
18   this deposition. We'll mark it too.

19          MR. MOUGEY: So far you have all done great  
20   with your practices.

21          MS. SWIFT: We'll mark all of it, Peter.

22          MR. MOUGEY: Mark away.

23          MS. SWIFT: You, too.

24          MR. MOUGEY: Produce the documents after depos

1 close, purging, notes in files that we haven't  
2 produced. You name it, we got it.

3 MS. SWIFT: You're misrepresenting the  
4 testimony wildly.

5 MR. MOUGEY: Oh, yeah.

6 BY MR. MOUGEY:

7 Q. Your job at Walgreens was to implement  
8 and monitor the Targeted Good Faith Dispensing  
9 policies, correct?

10 A. That was one of my jobs, yes.

11 Q. That was your primary role and that's  
12 the reason why it didn't even concern you that  
13 distribution centers were closing, correct?

14 MS. SWIFT: Objection, argumentative.

15 BY THE WITNESS:

16 A. That was one of my roles, to make sure  
17 that our pharmacists were aware of good faith  
18 dispensing. My initial role in coming on in the  
19 Rx Integrity department was to review flagged  
20 orders and determine which ones were suspicious and  
21 report them. I would say that was the majority of  
22 what I was trained on when I first started.

23 BY MR. MOUGEY:

24 Q. So, within six months of starting at

1 Walgreens, two of the three distribution centers  
2 are closed down, correct, Schedule II and  
3 Schedule III?

4 MS. SWIFT: Objection; foundation.

5 BY THE WITNESS:

6 A. I don't know that to be true within six  
7 months. I said I don't remember when it actually  
8 happened.

9 BY MR. MOUGEY:

10 Q. Well, we just went through the  
11 memorandum of agreement with the DEA that  
12 references the Jupiter center closing, correct?

13 A. I don't recall --

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. -- looking at that. Sorry.

17 BY MR. MOUGEY:

18 Q. The memorandum of agreement --

19 A. Yes.

20 Q. -- that we went just through. The big  
21 thick document --

22 A. Yes.

23 Q. -- with the binder in it, right?

24 A. Yes.

1 Q. And you recall that that discusses the  
2 Jupiter distribution center unwinding its business  
3 or winding down, correct?

4 MS. SWIFT: Objection; mischaracterizes the  
5 document.

6 BY THE WITNESS:

7 A. I would need to look at it again.

8 BY MR. MOUGEY:

9 Q. Go ahead. You want to look at it, fine.

10 MS. SWIFT: Do you want to point her to what  
11 you're talking about?

12 BY THE WITNESS:

13 A. I see that it's registered with the DEA.  
14 I'm not sure what you're referring to. We went  
15 over 1 through 10 on 963 or 63 I should say.

16 BY MR. MOUGEY:

17 Q. Look on page 6 of 13, paragraph E.

18 A. E?

19 Q. E as in Ed.

20 A. Okay.

21 Q. Do you see "Walgreens agrees to  
22 surrender" -- "to the surrender of the DEA  
23 registrations to dispense controlled substances for  
24 Schedules II through V at the following

1 facilities," correct?

2 A. Yes.

3 Q. On page 5 of 13, under C, "Walgreens  
4 agrees to the surrender of Walgreens Jupiter's DEA  
5 registration for controlled substances Schedules II  
6 through V until September 13, 2014."

7 Do you see that?

8 A. Yes.

9 Q. So, as of this document that you  
10 e-mailed around, that you were on the e-mail in  
11 June of 2013, Walgreens' Jupiter distribution  
12 center was surrendering its license to distribute  
13 Schedules II through V until September 13 of 2014,  
14 correct?

15 MS. SWIFT: Objection; foundation.

16 BY THE WITNESS:

17 A. It says that Walgreens agreed to  
18 surrender the DEA registration --

19 BY MR. MOUGEY:

20 Q. And you were --

21 A. -- for Jupiter.

22 Q. You were aware of that. That was in  
23 your e-mail in June of 2013, correct?

24 MS. SWIFT: Object to the form.

1 BY THE WITNESS:

2 A. I don't know that I was aware of that.

3 I think I said that my focus was on a different  
4 section of the settlement. I don't remember  
5 reading many of these pages in the settlement at  
6 the time.

7 BY MR. MOUGEY:

8 Q. So, now, an e-mail that you are included  
9 on from Denman Murray on 3/20/2013, within a matter  
10 of two to three months, two of the three  
11 distribution centers for Walgreens were winding  
12 down for its distribution of Schedule II and III  
13 prescription opiates, correct?

14 MS. SWIFT: Object to the form.

15 BY THE WITNESS:

16 A. I don't know that to be true.

17 BY MR. MOUGEY:

18 Q. SharePoint. Are you familiar with  
19 Walgreens' internal system SharePoint?

20 A. Yes.

21 Q. And what did you use SharePoint for?

22 MS. SWIFT: Object to the form.

23 BY MR. MOUGEY:

24 Q. Did you use SharePoint?

1 MS. SWIFT: Object to the form.

2 BY THE WITNESS:

3 A. I don't recall using SharePoint. I do  
4 use SharePoint today.

5 BY MR. MOUGEY:

6 Q. And when do you recall beginning to use  
7 SharePoint?

8 A. I know what I use SharePoint for today.  
9 Honestly, I probably started, that I can recall,  
10 using it last year, possibly the year before.

11 Q. And what have you used it for in the  
12 last year or so?

13 A. We have a communications SharePoint for  
14 logging communications for approval to go out on  
15 certain dates, for collecting documentation, for  
16 our DEA 106 information to put together additional  
17 training to our pharmacists, just for collecting  
18 documentation as a group and training our  
19 pharmacists around the DEA 106 process.

20 Q. Was anyone in your group using  
21 SharePoint, when you say "your group,"  
22 Pharmaceutical Integrity, prior to the time you  
23 began using it a year or so ago?

24 MS. SWIFT: Objection; foundation.

1 BY THE WITNESS:

2 A. Not that I know of.

3 BY MR. MOUGEY:

4 Q. Was it -- when you say not that you know  
5 of, you've been on it in the last year or so,  
6 correct?

7 A. I've been using it. But SharePoint has  
8 specific access. So, my understanding is that like  
9 not everyone can access everyone else's SharePoint  
10 site.

11 So, I have access to the communications  
12 site, but I don't know if everyone in the company  
13 has access to that communication site because it's  
14 a pharmacy communications primarily geared site.

15 Q. So, can any other Pharmaceutical  
16 Integrity employees or staff, are they able to use  
17 or see the documents you have on SharePoint?

18 A. For which SharePoint site?

19 Q. Whichever. All of them.

20 MS. SWIFT: Object to the form.

21 BY THE WITNESS:

22 A. I know that two of my employees have  
23 access to the SharePoint site. I don't know of the  
24 other employees. The other employees don't report



1 directly to me. So, I don't know firsthand if they  
2 can access.

3 BY MR. MOUGEY:

4 Q. Do you all not talk about where you  
5 store documents in your internal meetings?

6 A. We don't store documents in our internal  
7 meetings. We store -- we log I should say  
8 communications for approval, and that's general for  
9 pharmacy operations. So, it's broader than just  
10 our team. It involves a number of other teams.

11 I believe my team can access it. I  
12 don't know firsthand if they all can, though.

13 Q. Are there any other internal systems  
14 that Rx Integrity uses to keep shared resources  
15 from 2013 up until the current time?

16 MS. SWIFT: Object to the form.

17 BY THE WITNESS:

18 A. No, we primarily keep everything in our  
19 e-mail, our Rx Integrity e-mail or our own personal  
20 e-mail or the DEArecordsrequest e-mail when the  
21 subpoenas come through in that e-mail.

22 BY MR. MOUGEY:

23 Q. Other than SharePoint, which you just  
24 referenced?

1           A.       For communication planning, yes.

2           Q.       And other than CSO, which you identified  
3 earlier, correct?

4           A.       Yes, also in the CSO KPI tool.

5           Q.       Anything other than CSO, SharePoint and  
6 your e-mail where you've stored or keep documents  
7 related to your role in Pharmaceutical Integrity?

8           A.       No, not that I'm aware of. We may have  
9 some paper documentation early on in our files.  
10 But, honestly, I can't recall what it entails.

11          Q.       When you say in your files, what do you  
12 mean?

13          A.       In our -- in our drawers.

14          Q.       Has anybody come and asked you for your  
15 drawers?

16          A.       Yes.

17          Q.       And are there any drawers that you  
18 didn't produce in this course of this litigation?

19          A.       Not that I know of.

20          Q.       Okay. Other than --

21          A.       We had a very small limited amount of  
22 paper that I believe we provided already.

23          Q.       Other than the -- your desk drawer with  
24 the notes in it you referenced earlier, correct?

1 A. Yes.

2 Q. And how about manuals and training  
3 material. Where is all that kept or stored, if you  
4 know?

5 A. So, manuals and training materials for?

6 Q. For Pharmaceutical Integrity. Just --

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. We store our policies and our procedures  
10 on our shared Rx Integrity site in a folder.

11 BY MR. MOUGEY:

12 Q. So, we have -- what is the shared  
13 Rx Integrity site?

14 A. It's just on a separate drive. So,  
15 where I have my own personal drive and there is  
16 also a shared site for our group that can access.

17 Q. Okay. So, you have your shared site  
18 where you keep documents, correct?

19 A. Yes, and my personal site as well.

20 Q. And then your personal site?

21 A. Yes.

22 Q. And then there is SharePoint where you  
23 also keep documents, correct?

24 A. Yes, for communication purposes, yeah.

1 Q. And you also keep some documents in your  
2 e-mail, correct?

3 A. Yes.

4 Q. And --

5 A. And in the CSO KPI tool.

6 Q. In the CSO tool. And how do you make  
7 the distinction about what goes on SharePoint and  
8 the Pharmaceutical Integrity site?

9 MS. SWIFT: Object to the form.

10 BY THE WITNESS:

11 A. So, the SharePoint site is for pharmacy  
12 communications in general for every department, and  
13 that's just for logging any communication that we  
14 send out to our stores.

15 I also have a SharePoint site again for  
16 DEA 106 training to our pharmacists, so specific to  
17 DEA 106 training.

18 And then as far as the shared site that  
19 our team shares, I -- those are where we place our  
20 policies, our procedures, our updated policies,  
21 information that everyone can access.

22 BY MR. MOUGEY:

23 Q. How about organizational charts, do you  
24 have access to Walgreens' organizational charts on

1 any of Walgreens' internal sites?

2 A. Yes.

3 Q. How far back are those organizational  
4 charts available? How long have they been  
5 available?

6 MS. SWIFT: Object to the form.

7 BY THE WITNESS:

8 A. I've been able to access an  
9 organizational chart, as early as I can remember,  
10 2014 where I would be able to look up a director,  
11 for example, and see the people that report to that  
12 director.

13 MR. MOUGEY: I don't have anything else.

14 Thank you, Ms. Daugherty.

15 MS. SWIFT: I have got a few questions.

16 THE WITNESS: Okay.

17 MS. SWIFT: If you can stand it.

18 EXAMINATION

19 BY MS. SWIFT:

20 Q. Good afternoon, Ms. Daugherty. How are  
21 you doing?

22 A. Good. Thank you.

23 Q. I'll ask you first a few questions about  
24 your background, your education.

1 I believe you testified you have a  
2 PharmD?

3 A. Yes.

4 Q. What is a PharmD?

5 A. It's a Doctor in Pharmacy.

6 Q. When did you get your PharmD?

7 A. 2000.

8 Q. Where did you go to school for your  
9 PharmD?

10 A. Midwestern University.

11 Q. Where is Midwestern University?

12 A. It's in Downers Grove.

13 Q. Is that a suburb of Chicago?

14 A. Yes.

15 Q. Did you get your undergraduate degree at  
16 Midwestern as well?

17 A. Yes. My Bachelor's in pharmacy.

18 Q. Do you live here in Chicago?

19 A. Yes.

20 Q. Has it always been the case? Did you  
21 grow up here?

22 A. I wasn't born here, but yes.

23 Q. I believe you said that your first job  
24 at Walgreens was as a pharmacy technician, is that

1 right?

2 A. Yes.

3 Q. When were you first a pharmacy  
4 technician at Walgreens?

5 A. To the best of my recollection, I  
6 believe it was 1996. I started when I was in  
7 school.

8 Q. What does a pharmacy technician do?

9 A. So, a technician typically types in the  
10 prescription in the Intercom Plus system and our  
11 adjudication system. They can fill and count the  
12 medication, and then they also can charge the  
13 patient or ring up the patient at the register.

14 Q. Can the pharmacy tech actually dispense  
15 medication?

16 A. No.

17 Q. Did you also work as a pharmacist at  
18 Walgreens?

19 A. Yes.

20 Q. What years did you work as a pharmacist  
21 at Walgreens?

22 A. I started in 1999 when I got my  
23 Bachelor's in pharmacy, and I want to say --  
24 honestly, I think I started at Walgreens Health

1 Initiatives around 2000, 2003, 2000, something like  
2 that.

3 Q. So, from 1999 until you started at  
4 Walgreens Health Initiatives in around 2002 you  
5 worked as a pharmacist?

6 A. Yes.

7 Q. Is that right?

8 Do you have to be licensed to be a  
9 pharmacist in Illinois?

10 A. Yes.

11 Q. Is that true all over the country?

12 A. You have to be licensed in the state  
13 that you're practicing, yes.

14 Q. Do you have to take an exam to become a  
15 licensed pharmacist?

16 A. Yes.

17 Q. What does a pharmacist do, just as a  
18 general matter?

19 A. So, a pharmacist reviews prescriptions,  
20 dispenses prescriptions to a patient.

21 Q. Did you ever work anywhere else as a  
22 pharmacist besides Walgreens?

23 A. No.

24 Q. You spent a number of years working at



1 various PBMs, is that right?

2 A. Yes.

3 Q. What is a PBM, just from your  
4 perspective?

5 A. A PBM is a pharmacy benefits manager.  
6 So, we manage prescription insurance essentially.

7 Q. At a certain point you came back to work  
8 at Walgreens after working at a PBM, is that right?

9 A. Yes.

10 Q. Was that in January of 2013?

11 A. Yes.

12 Q. In your words, what does the group that  
13 you work at in Walgreens do, the Pharmaceutical  
14 Integrity group?

15 A. Our team manages flagged orders, reviews  
16 orders for approval if a store requests additional  
17 product. We oversee our CSO KPI tool. We manage  
18 our DEA 106 submissions to the DEA and work with  
19 our pharmacies. We also oversee the Naloxone  
20 program, the Safe Med Disposal program and we  
21 respond to DEA subpoenas.

22 Q. We'll break that down a little bit, but  
23 the first question I have for you about what you  
24 just said is: Since you've been working in

1     Pharmaceutical Integrity at Walgreens, have you  
2     received training on Walgreens' policies and  
3     procedures that have helped you do your job?

4             A.     Yes.

5             Q.     Is the training that you receive at  
6     Walgreens ongoing today?

7             A.     Yes.

8             Q.     Have you received training on Walgreens'  
9     policies with respect to order monitoring?

10            A.     Yes.

11            Q.     Does that include training on Walgreens'  
12    policies with respect to suspicious order  
13    monitoring?

14            A.     Yes.

15            Q.     You were asked questions today about  
16    whether you had a training manual or a training  
17    package. Do you remember those questions?

18            A.     Yes.

19            Q.     Did you receive the information that you  
20    needed to do your job when you started in  
21    Pharmaceutical Integrity in 2013?

22            A.     Yes.

23            Q.     Do the policies and procedures that you  
24    follow at Walgreens in Pharmaceutical Integrity, do

1 those policies and procedures change over time for  
2 a variety of reasons?

3 A. Yes.

4 Q. I want you to turn back, please, to  
5 Exhibit 14. Do you have it?

6 A. Yes.

7 Q. Exhibit 14 is the e-mail, it's a chain  
8 that ends with an e-mail from you to Tasha Polster  
9 and it attaches a document called Settlement and  
10 Memorandum of Agreement. Correct?

11 A. Yes.

12 Q. I believe you testified that as part of  
13 your job in the time frame of this e-mail, it's  
14 dated June 12, 2013, that you reviewed parts of  
15 this memorandum and agreement, is that right?

16 A. Yes.

17 Q. Which parts did you review as a part of  
18 your job in roughly in the 2013 time frame?

19 A. So, primarily if you flip to after  
20 page 13, it's called "Addendum: Prospective  
21 Compliance"; and it relates to Walgreens Integrity  
22 Department responding to the DEA within two  
23 business days. It talks about forming an  
24 Rx Integrity team, and then it goes on into the

1 rest of the document.

2 Q. Did you walk through this addendum to  
3 the 2013 memorandum and agreement with others on  
4 your team at the time?

5 A. Yes.

6 Q. Who did you discuss this addendum to the  
7 memorandum of agreement with at your job?

8 A. Eric Stahmann, Ed Bratton and Tasha  
9 Polster.

10 Q. Was Pharmaceutical Integrity, the group  
11 that you're in today, was it already up and running  
12 at this time in June of 2013 when this settlement  
13 was entered?

14 A. Yes.

15 Q. As far as you know, did your team in  
16 Pharmaceutical Integrity make sure to do all the  
17 things that are laid out in the addendum to the  
18 memorandum of agreement that's marked as  
19 Exhibit 14?

20 A. Yes. We reviewed each item and made  
21 sure that we were following each item in this  
22 "Addendum: Prospective Compliance."

23 Q. Briefly, how do Walgreens pharmacies  
24 place orders for controlled substances?

1           A.       So, our SIMS system actually suggests  
2   orders and places the orders on the store's behalf.  
3   Should the store want to place an additional order  
4   on top of the suggested order, they have to go  
5   through our ceiling to determine whether the item  
6   either is over that -- that particular pharmacy's  
7   ceiling or over their tolerance on a daily basis  
8   and if, for example, it is, they have to request  
9   the order directly to our team for approval.

10          Q.       What systems are in place to make sure  
11   pharmacies don't order more controlled substances  
12   than they need? You mentioned a ceiling. Is that  
13   something that you have previously referred to  
14   today as the CSO KPI tool?

15          A.       Yeah, the CSO KPI tool has a ceiling for  
16   each item for each pharmacy as well as a tolerance  
17   meaning how much they can order per order, so per  
18   instance, and if the store places an order over and  
19   above their tolerance or their ceiling, the order  
20   is canceled.

21          Q.       What is the difference between a store's  
22   tolerance and a store's ceiling limit?

23          A.       So, the ceiling is the most they can  
24   order in a rolling six-week period and the

1 tolerance is what the amount they can order per  
2 order, per instance.

3 Q. Am I understanding you correctly, are  
4 there limits for both ceiling and tolerance?

5 A. Yes.

6 Q. For every store?

7 A. Yes. And they're calculated daily for  
8 each store for each item.

9 Q. Are the limits for ceiling and tolerance  
10 the same for every Walgreens pharmacy?

11 A. No, they vary.

12 Q. Are the limits for ceiling and tolerance  
13 the same for an individual pharmacy from one day to  
14 the next?

15 A. They're different every day.

16 Q. If a pharmacy wants more than the  
17 suggested order that they get from the SIMS system,  
18 I believe you just touched on this. Does a store  
19 have to go through your team to go above the  
20 suggested order?

21 A. If the -- if the order that they want,  
22 if they want more than exceeds their ceiling or  
23 their tolerance, they have to go through our team,  
24 yes, for approval.

1 Q. What is good faith dispensing?

2 A. So, our good faith dispensing defines  
3 the pharmacist's responsibility, corresponding  
4 responsibility, to determine whether a prescription  
5 is legitimate.

6 Q. Is good faith dispensing, is that a  
7 policy that's specific to Walgreens?

8 A. As far as I know, yes.

9 Q. Do Walgreens' pharmacists receive  
10 training on the Walgreens Good Faith Dispensing  
11 policy?

12 A. Yes.

13 Q. How often?

14 A. Every year.

15 Q. What is Target Drug Good Faith  
16 Dispensing?

17 A. So, Target Drug Good Faith Dispensing  
18 includes select drugs where pharmacists have to  
19 document and follow a checklist each time they fill  
20 a prescription for a target drug.

21 Q. Do Walgreens pharmacists receive  
22 training on the Target Drug Good Faith Dispensing  
23 policy as well?

24 A. Yes.

1 Q. Have you received training on both of  
2 those policies?

3 A. Yes.

4 Q. How do you communicate those policies,  
5 the Good Faith Dispensing policy and the Target  
6 Drug Good Faith Dispensing policy, to the  
7 pharmacists at Walgreens?

8 A. We communicate it through our online  
9 learning tool as well as through various  
10 communications --

11 Q. Do those --

12 A. -- to our pharmacies.

13 Q. Do those communications come from the  
14 Pharmaceutical Integrity group?

15 A. Yes.

16 Q. If a pharmacist isn't comfortable  
17 filling a prescription, are they required to fill  
18 it for any reason?

19 A. No.

20 Q. If a pharmacist isn't comfortable  
21 filling a prescription, does Walgreens have a  
22 policy about what they're supposed to do?

23 A. They have the right to refuse the  
24 prescription if they don't believe the prescription



1 to be legitimate.

2 Q. Does Walgreens issue blanket refusal to  
3 fill orders with respect to doctors?

4 A. No, we do not.

5 Q. You got some questions today about DEA  
6 subpoenas. Do you remember those questions?

7 A. Yes.

8 Q. You said that part of your job is  
9 responding to subpoenas from the DEA. What kinds  
10 of subpoenas did you mean?

11 A. Primarily prescription subpoenas or  
12 subpoenas for hard copy prescriptions  
13 documentation.

14 Q. How do you respond to those requests  
15 from the DEA?

16 A. So, our team pulls the data and  
17 typically either e-mails it back encrypted or  
18 sometimes if they're paper copies, they will FedEx  
19 them.

20 Q. Does your team take requests from the  
21 DEA seriously?

22 A. Yes.

23 Q. Does that -- is that true no matter what  
24 kind of a request it is?

1 A. Yes.

2 Q. Do you do your best to respond to any  
3 requests from the DEA fully and completely?

4 A. Yes.

5 Q. Do you do your best to cooperate with  
6 the DEA?

7 A. Yes.

8 Q. Has it always been the case while you've  
9 been at Walgreens?

10 A. Yes.

11 Q. I want to ask you some questions about  
12 your time as a pharmacist at Walgreens. I believe  
13 you said you were a pharmacist from 1999 to 2002  
14 after pharmacy school, is that right?

15 A. Yes.

16 Q. When you were a pharmacist at Walgreens  
17 in the '99 to 2002 time frame, did you have a  
18 professional responsibility to make sure that  
19 prescriptions that you filled were only for  
20 legitimate medical purposes?

21 A. Yes.

22 Q. If you couldn't confirm for yourself  
23 that a prescription was legitimate, would you fill  
24 it?

1           A.       No.

2           Q.       You mentioned when I asked you what  
3   Pharmaceutical Integrity does, the group that you  
4   work for today, you mentioned something about med  
5   take-back or med kiosks. Did I hear that  
6   correctly?

7           A.       Yes.

8           Q.       What is -- what were you referring to?

9           A.       So, in select stores around the country,  
10   Walgreens has a drug take-back kiosk, so patients  
11   and customers can bring their medications and  
12   dispose of them safely in the kiosk.

13          Q.       Can someone come to a Walgreens pharmacy  
14   and with expired medication or any kind of  
15   medication that they are bringing in that they  
16   haven't just received from the pharmacist and hand  
17   it over to a pharmacist?

18          A.       No. They have to actually place it in  
19   the kiosk.

20          Q.       Do you know why that is?

21          A.       That's according to law is my  
22   understanding.

23          Q.       Do you know how many medication  
24   take-back kiosks Walgreens has at its pharmacies

1 around the country?

2 A. I think we're about 1,080 right now,  
3 roughly.

4 Q. Is that changing over time?

5 A. Yes, that's increasing over time.

6 Q. You also mentioned something about  
7 Naloxone when I asked you what your group does  
8 today. What were you referring to?

9 A. So, several years ago, as states started  
10 allowing our pharmacies to dispense Naloxone  
11 without a prescription, based on the state  
12 regulations state by state we would implement our  
13 Naloxone program to allow our pharmacists to  
14 dispense to a customer asking for Naloxone without  
15 a physician's prescription.

16 We would dispense it under a standing  
17 order or under the pharmacist NPI, so via their  
18 pharmacist prescriptive authority per the state.

19 Q. Do you know how many states allow  
20 Walgreens to dispense Naloxone without a  
21 prescription?

22 A. I think we're at 48 today.

23 MS. SWIFT: I do not have any other questions.

24

1 FURTHER EXAMINATION

2 BY MR. MOUGEY:

3 Q. Ms. Daugherty, did you or your group  
4 actually respond to the Perrysburg subpoenas,  
5 meaning did you produce documents responsive?

6 MS. SWIFT: Objection; foundation.

7 BY THE WITNESS:

8 A. Not that I know of, no.

9 BY MR. MOUGEY:

10 Q. Pardon me? I couldn't hear you over  
11 Ms. Swift.

12 A. Not that I know of. Sorry.

13 Q. Who would know the answer to that of  
14 whether or not Walgreens responded to the  
15 Perrysburg subpoenas?

16 Sorry. That's kind of a bad question.

17 When I say "responded," I mean produce  
18 documents responsive to the subpoenas.

19 A. I don't know for sure. I would assume  
20 our internal attorneys would know.

21 Q. When you mentioned earlier that you were  
22 responsible for, I think you said, managing or the  
23 DEA subpoenas, what did you mean?

24 A. We respond to DEA subpoenas. So, if

1     there is a prescription records request, our team  
2     will pull the data that the DEA investigator is  
3     asking for.

4             Q.     How come the subpoena to the Perrysburg  
5     distribution center wasn't responded to by your  
6     group as you would with the pharmacy subpoenas?

7             A.     So, at the time that the -- my  
8     understanding when you showed me the document for  
9     the Perrysburg subpoena, I don't think we were  
10    responding to every single subpoena because we  
11    didn't have a dedicated e-mail box at that time.

12            Q.     Okay. During your tenure with  
13    Pharmaceutical Integrity, were pharmacists  
14    receiving bonuses for the amount of prescriptions  
15    they filled?

16            A.     Yes.

17            Q.     And did you think it was a good practice  
18    in your role at Pharmaceutical Integrity for  
19    pharmacists to be bonused based on the amount of  
20    prescriptions they filled for Schedule II and III  
21    narcotics in light of the opiate epidemic?

22            MS. SWIFT: Object to the form.

23    BY THE WITNESS:

24            A.     I don't know if it was a good practice.

1 BY MR. MOUGEY:

2 Q. You don't know. Do you understand how  
3 that potentially could be a conflict of interest  
4 for a pharmacist to fill a prescription for  
5 Schedule II and III prescription opiates when  
6 making a decision whether to dispense based on GFD?

7 MS. SWIFT: Object to the form.

8 BY THE WITNESS:

9 A. No. In my position as a pharmacist, I  
10 don't know. We worked for Walgreens the chain and  
11 our job was to fill the prescriptions and make sure  
12 they were filled legitimately.

13 To the best of my recollection, the  
14 bonus was very small and I don't understand it  
15 because I don't feel like there was any incentive  
16 to fill more controlled substance prescriptions.

17 BY MR. MOUGEY:

18 Q. So, bonuses wouldn't impact any of the  
19 pharmacists when making a decision whether to fill  
20 Schedule II and III prescriptions?

21 A. In my opinion I don't think so.

22 Q. And you don't see any potential conflict  
23 of interest with pharmacists being bonused based on  
24 Schedule II and III opiate prescriptions?

1           A.       In my role as a pharmacist, our job was  
2   to still fill legitimate controlled substance  
3   prescriptions.

4           Q.       So, the answer is no, you don't see any  
5   potential conflict of interest with pharmacists  
6   being bonused based on Schedule II and III opiate  
7   prescriptions?

8           A.       In my experience in my role, no.

9           MR. MOUGEY: I don't have anything further.  
10   Thank you.

11          MS. SWIFT: We're done.

12          THE VIDEOGRAPHER: We're going off the record  
13   at 5:08 p.m.

14                   (Time Noted: 5:08 p.m.)

15                   FURTHER DEPONENT SAITH NAUGHT.

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I, CORINNE T. MARUT, C.S.R. No. 84-1968,  
2 Registered Professional Reporter and Certified  
Shorthand Reporter, do hereby certify:

3 That previous to the commencement of the  
examination of the witness, the witness was duly  
4 sworn to testify the whole truth concerning the  
matters herein;

5 That the foregoing deposition transcript  
was reported stenographically by me, was thereafter  
6 reduced to typewriting under my personal direction  
and constitutes a true record of the testimony  
7 given and the proceedings had;

8 That the said deposition was taken  
before me at the time and place specified;

9 That the reading and signing by the  
witness of the deposition transcript was agreed  
upon as stated herein;

10 That I am not a relative or employee or  
attorney or counsel, nor a relative or employee of  
11 such attorney or counsel for any of the parties  
hereto, nor interested directly or indirectly in  
12 the outcome of this action.

13

14 \_\_\_\_\_  
CORINNE T. MARUT, Certified Reporter

15

(The foregoing certification of this  
16 transcript does not apply to any  
reproduction of the same by any means, unless under  
17 the direct control and/or supervision of the  
certifying reporter.)

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1 INSTRUCTIONS TO WITNESS

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Please read your deposition over

carefully and make any necessary corrections. You  
should state the reason in the appropriate space on  
the errata sheet for any corrections that are made.

After doing so, please sign the errata  
sheet and date it.

You are signing same subject to the  
changes you have noted on the errata sheet, which  
will be attached to your deposition.

It is imperative that you return the  
original errata sheet to the deposing attorney  
within thirty (30) days of receipt of the  
deposition transcript by you. If you fail to do  
so, the deposition transcript may be deemed to be  
accurate and may be used in court.

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ACKNOWLEDGMENT OF DEPONENT

I, PATRICIA DAUGHERTY, do hereby  
certify under oath that I have read the foregoing  
pages, and that the same is a correct transcription  
of the answers given by me to the questions therein  
propounded, except for the corrections or changes  
in form or substance, if any, noted in the attached  
Errata Sheet.

\_\_\_\_\_  
PATRICIA DAUGHERTY

\_\_\_\_\_  
DATE

Subscribed and sworn  
to before me this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

My commission expires:\_\_\_\_\_

\_\_\_\_\_  
Notary Public

	LAWYER'S NOTES		
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